Daily Report

Latin America

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FBIS-LAT-91-094 *15 May 1991*

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NOTICE TO READERS: On 6 May 1991, the DAILY REPORT will begin phasing in new radio and television sourcelines that reflect how a station identifies itself. This change eliminates the "Domestic Service" and "Television Service" designations in favor of the station identification as broadcast. The presence of a new sourceline reflects this change in policy, rather than the establishment of a new station or network.

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OAS Ministers To Meet in Santiago in Jun

PY1405180791 Santiago Radio Cooperativa Network in Spanish 2300 GMT 13 May 91

[Report by Carmen Castro]

[Excerpt] The promotion of democracy in Latin America and the strengthening of the OAS will be the main issues discussed during an informal dialogue to be held by OAS foreign ministers. These issues are among the highlights of the agenda of the 21st OAS General Assembly that will be held in Santiago from 3 to 7 June. There will be a foreign ministers meeting prior to the general assembly on 2 June.

Foreign Minister Enrique Silva Cimma today handed invitations to 20 ambassadors of the countries of the Americas. These invitations establish that during their informal dialogue, the foreign ministers will review the strengthening of democracy and the renewal of the Inter-American system within the framework of the new international situation.

The foreign ministers meeting is important because agreements may be achieved that will expedite discussions within the OAS General Assembly. [passage omitted]

CDB Meeting Ends on Note of Satisfaction

FL1305140791 Bridgetown CANA in English 2037 GMT 11 May 91

[Report by Rickey Singh]

[Text] Merida, Mexico, May 11, CANA—The 21st birthday meeting of the Caribbean Development Bank [CDB] has concluded here with a deep sense of satisfaction and on a high note of praise for the performances of the regional multilateral financial institution. The governors of the 25-member donor and borrowing countries who came to this old Mexican city—rich in the history of the Mayan people—for their annual two-day board meeting on May 8-9, would all have left here by Saturday encouraged by a visible new spirit of commitment to foster social and economic changes in the Caribbean at a critical period.

By a process of intense lobbying and candid exchanges, they have come within reach of a U.S. 124 million dollars target to replenish the CDB's Special Development Fund (SDF)—the third cycle of which begins in January 1992, with a new focus on alleviating poverty, enhancing social services, and women development issues. Of this total grant aid, the countries of the Organisation for Economic Co-operation and Development (OECD) grouping have pledged U.S. 89 million dollars and the Caribbean Community (Caricom) [Caribbean Common Market] bloc of countries would contribute at least U.S. 20 million before year end—twice the amount pledged for the SDF's current second cycle which ends in 1991.

The bank's regional members Venezuela, Mexico, and Colombia are expected to contribute the remaining U.S. 15 million—U.S. 5 million dollars each—to the SDF which is used to provide loans on very concessional terms.

The governors, as well as the bank's directors, also made their own observations in Merida on the final shaping of the CDB's key "directional plan and strategy to the year 2000." They also noted with satisfaction that with the bank's latest approvals in Mexico of some U.S. 20 million dollars in loans, the CDB's total loans and grants approvals had now reached approximately U.S. 923 million dollars for development projects, improved social services, and technical assistance across the 17 English-speaking countries that comprise its borrowing members.

And these governors—most of them either ministers of finance or with responsibility for economic development—have been pleased to observe that the CDB's total accumulated net income has grown to U.S. 67.3 million dollars, an increase of U.S. 26 million from 1989.

At that time and right up to its 20th anniversary meeting last year in the Bahamas, the Barbados-based regional institution was still seeking ways to resolve the long-standing problem of recovering more than U.S. 40 million dollars in debts from Guyana. That headache has now disappeared with Guyana's success in arriving at an International Monetary Fund-linked economic recovery programme with the help of a "support group" of nations headed by Canada and with Trinidad and Tobago also playing an influential role.

Now only Antigua and Barbuda remains a problem in terms of continuing failure to honour its annual promises to pay up an estimated U.S. 3 million dollars—an issue that resulted in some measure of criticism at the two-day meeting with Britain being more explicit than other Western donor-members of the bank. "It is particularly sad for the international community that a member which should easily be able to clear its obligations chooses not to do so," said the British representative, Michael Bawden.

Britain's pledges and bilateral aid to CDB's borrowing member countries currently totals more than U.S. 170 million dollars, in addition to U.S. 24 million in contributions to the bank's SDF and general capital increase. "Persistent arrears," said Bawden, "and an apparent inability or unwillingness to deal with them are a blemish on an otherwise increasingly successful institution...."

In his end-of-conference assessment of the deliberations of this 21st annual meeting, CDB president, Sir Neville Nicholls, pledged to "spare no effort" in bringing this matter to a satisfactory solution—hopefully in time for the 22d board of governors meeting in Grand Cayman next year.

Mexico, which has been showing an increasingly high profile in its relations with Caricom, particularly since joining the CDB as one of its non-borrowing regional members in 1982, was anxious that the Merida meeting

ended on a positive mood. The spirit of optimism generated by the Mexican minister of finance and public credit, Dr. Pedro Aspe Armella, when he addressed the formal opening event on May 8, was reflected by the director general of the Bank of Mexico, Miguel Mancera at the closing session.

"It is common in international meetings of this nature to hear continuous criticisms of the administration of the respective institutions. "However, said Mancera, "in this case, we have heard only compliments of the management team we have at the CDB. I applaud this unique achievement."

Mancera singled out CDB President Nicholls, saying that he "deserves full credit for leading a highly successful management team." Sharing similar sentiments, Canada's representative on the board of governors, Art Wright, formerly high commissioner to Barbados and OECS countries, praised the bank's mangement for pursuing matters "identified as priorities" by CDB members.

Wright applauded the new record set by the bank last year in terms of lending (U.S. 114 million dollars) and disbursements (U.S. 87 million dollars). Canada, which has pledged to contribute U.S. 20 million dollars to the new 1992-95 replenished SDF, supports the CDB's efforts to improve its capacity "to assume an advisory role to national governments, in collaboration with the World Bank and other multilateral agencies, on macroeconomic analysis and the preparation of public sector investment programmes," according to Wright.

Wright, refelecting a view held by other donors, said that it would be helpful if they could be assured that the CDB now intended to develop individual policy guidelines in macro-economic analysis and sector lending; poverty reduction and women in development issues; as well as environmental lending and impact assessment.

In his general assessment of the two-day deliberations, Nicholls gave a positive response to a special focus by the bank on these three areas. He also noted the concerns and implicit criticisms of some of the governors, including those of Prime Minister James Mitchell of St. Vincent and the Grenadines, who had asked for a critical evaluation of consultants and contractors involved in projects being financed by the CDB.

"If the practices and unsatisfactory performance described by Prime Minister Mitchell were occuring on a significant scale," said Nicholls, "then prompt action must be taken to deal with the offenders. "However, he explained that as was the case with other multilateral financial institutions, selections of consultants and contractors was not done by the CDB. This was the responsibility of the borrower or executing agency, although with the help and advice at times from the CDB.

For the CDB president, if a single theme could be drawn from the expressed "instructions, admonitions, or urgings of the governors" on the bank's directional plan and strategy for the 1990s, "it is that the bank obviously has some strengths and should endeavour not only to build on those strengths in the coming years."

He added: "The CDB should also, gear itself to be flexible enough to undertake, cautiously, and prudently all those other activities which can contribute to the harmonious economic growth and development of the Caribbean...."

Cuba

Havana Notes Gates Possible Confirmation

FL1505131791 Havana Radio Rebelde Network in Spanish 1155 GMT 15 May 91

[Text] Robert Gates, the candidate nominated by President George Bush as the director of the biggest spy service in the world, the CIA, has a good chance of being confirmed by the Congress, according to political sources in Washington. However, his participation in the Iran-Contra scandal could, in the opinion of some, throw shadows on the possible confirmation of Robert Gates.

More on Attorney General on Migration Policy

PA1505013291 Havana Radio Havana Cuba in Spanish 0000 GMT 11 May 91

[Text] Cuban Attorney General Ramon de la Cruz Ochoa has said in Mexico that the Cuban migration policy is more flexible as a result of a maturation process. He said that the maturation process is based on the premise that only those who really want to stay in the island should stay.

In statements made to PRENSA LATINA, De la Cruz Ochoa denied that the Cuban Government supports illegal departures from the country. He added that the United States has encouraged this activity as part of its hostile policy against the revolution.

Regarding reports about the possibility of Mexico mediating in order to improve the relations between Cuba and the United States, De la Cruz Ochoa said that these two nations must settle their own differences. He also disagreed with those who say that Cuba has been isolated from the rest of the world. De la Cruz Ochoa added that the island's enemies want to project that image because Cuba's attachment to values such as sovereignty, independence, and social justice bother them.

De la Cruz Ochoa concluded by saying we insist on the socialist option without dogmas because it is the option that can guarantee the independence for which Cubans have fought so much.

Commentary on Government's Emigration Policy

PA1505020091 Havana Radio Havana Cuba in Spanish 0030 GMT 14 May 91

[Commentary by Roberto Morejon]

[Text] Cuba's emigration policy is backed by the majority of the population who, in voluntary association, are willing to improve on success and correct mistakes. This voluntary association implies that the minority that oppose socialism can request permission to leave the country in compliance with existing emigration laws and regulations, just as they would in any other country. For a long time now, the Cuban Government has been making its emigration policy more flexible by introducing gradual changes in accordance with the domestic situation and in the international context. So far, the Cuban emigration policy has been unable to escape the confrontation between the United States and Cuba. In addition, the policy has suffered the consequences of the U.S. authorities' manipulation.

The U.S. Government encourages illegal departures from Cuba. At the same time, it delays and even denies visas to tens of thousands of individuals eager to emigrate. This reveals the duplicity of the White House's behavior. At present, much publicity is being given to the arrival of Cubans in Miami aboard flimsy vessels, Cubans who left the island illegally instead of formally filing emigration requests with the proper authorities. However, the U.S. authorities deny asylum to dozens of Haitians who leave their country every week as a result of the severe shortage of material commodities and the nearly nonexistent possibilities of getting a job, medical attention, and an education.

Undesirables, people who disagree with socialism, those unable to withstand the rigors of a special period caused by external factors, and many people confused by the Western propaganda that promises the quick satisfaction of material aspirations are leaving Cuba surreptitiously. The Cuban Government acts on the principle that whoever so desires can stay in the island. The government issues exit permits to citizens wishing to visit their relatives in the United States. As part of a process that requires greater study and additional regulations, the conveniences we have mentioned will be expanded in the future, even for those who request permission to leave the country permanently.

Commentary on Articles Published in U.S. Papers

FL1505015891 Havana Radio Rebelde Network in Spanish 2300 GMT 14 May 91

[Lazaro Barredo commentary: "In What Heck of a World Do These People Live In?"]

[Text] The political rhetoric in Miami is going through an inert crisis. Without using their imagination, the authors repeat slogans which many believe are full of innuendoes and even crude. For example, they are incensed with the fact that the current Cuban policy is working on the idea of opening more space for pluralistic participation so that even those who do not share our basic ideas cannot be excluded from the debate, that the country opens to certain kinds of foreign capital investment, and that it leans toward the creation of joint enterprises.

Nevertheless, those people continue with the same old song and dance, with formulas of absolute truths—according to them—such as the following—I am quoting a passage—Democracy can only take place within these two parameters, freedom of political organization and free market. That is, multiple party system and free enterprise. Democracy would be a farce if any of these two elements was absent. This was written by a young

journalist in Miami's EL NUEVO HERALD a few days ago. Evidently, he either does not like history or does not relate enough with the old Cuban fogies and sleazy politicians who write in that newspaper.

So, democracy depends on a multiple party system? Cubans were the least independent ones when we had many parties. Those old colleagues should explain to him how many parties existed in Cuba in 1958 and how many were truly independent from the U.S. ambassador to Cuba. They should tell him how many of them, marked by servitude, invoked that fatal phrase that because of its close geographic location to the United States Cuba had no other choice than to move in the orbit of influence of the United States. They should tell him how many of them said a single word when Tavernilla, chief of the Army during the dictatorship, was cynic enough to say, with the approval of the U.S. military mission, that the Batista government was based on three parties; the yellow, white, and blue parties. These are the 4 September colors representing the three armed forces: Army, Navy, and Police. This is how parties were determining factors before the revolution.

The matter of free enterprise is irreverence at its best. Free enterprise? So that what happened before the revolution happens again, when 28 U.S. companies controlled a fourth of the productive land in Cuba? This was true not only regarding sugar mills but they also owned mining, railroad, telephone, and power companies, and a long list which would take all my time.

This young journalist should not worry. There is another one from EL DIARIO DE LAS AMERICAS who outdid him with his formulas on the economic outlook of a democratic Cuba with a free enterprise system. He said something incredible. This DIARIO DE LAS AMERICAS journalist said that Cuba had a high level of economic development before 1959. That it was among the top three or four countries in this hemisphere. That is—adds this journalist—Cuba was a developed country. Of course, developed as a brothel and as the businesses Coppola shows in "Godfather II" when large-scale Mafia businesses are described; developed in prostitution, beggary, illiteracy, mortality, discrimination, inequality, and drugs. Yes, developed, in the access to services but only for a privileged minority, etc., etc., etc.

What capitalism left was so good here that, with huge efforts and in spite of the U.S. blockade, this country has had to make a gross investment amounting to over 73 billion pesos and allocate over 54 billion to the development of three basic services; public health, education, and social security to face all those ills brought by the developed brothel.

With the arguments given by these illiterate of the Cuban history, one would have to ask: Why was a revolution necessary if everything was so good? One does not know in what heck of a world these people live in.

State Commission on Radio, Television Formed

FL1405120991 Havana Tele Rebelde Network in Spanish 1100 GMT 14 May 91

[Text] The Executive Committee of the Council of Ministers has created a state commission to achieve in the future a more rational use of available material resources as well as to design and adopt new structures that will ensure the optimum utilization of technical personnel and the artistic talent of the specialists and cadres of the agencies and institutions that participate in the operation of radio, television, and film services.

This commission, headed by ICRT [Cuban Radio and Television Institute] President Comrade Enrique Roman Hernandez, will be responsible for studying and drawing up proposals for these improvements. Its work will be based on the experiences and positive results obtained through the efforts of the mass media and the contribution they have made, along with that of film production, to conserving the historical memory of the revolutionary process, their effort to inform and mobilize the people in a conscious way, and their increasing contribution to the development of the nation's culture. This is due above all to the policy of the revolution set forth 30 years ago by Comrade Fidel in his words to the intellectuals.

The report, published today in GRANMA, adds that the government leadership has evaluated the appropriateness of not continuing to postpone institutional development that would entail the organizational merging of the FAR, television, and Ministry of Culture film studios, as well as combining the production of television programs and films in a suitable structure. A separate, independent structure will be formed for the radio broadcasting system. The commission will be made up of all the institutions involved, plus the State Committee for Labor and Social Security and any other state agencies that may be necessary. The commission should complete its work within three months.

Antigua and Barbuda

Opposition Leader 'Ready To Give Evidence'

FL1505020091 Bridgetown CANA in English 2152 GMT 14 May 91

[Text] St. John's, Antigua, May 14, CANA—Antigua and Barbuda Government officials have declined comment, but at least one opposition leader here says he's ready to give evidence before a U.S. Grand Jury hearing into allegations of financial corruption and a highly-publicised arms scandal.

The offices of Prime Minister Vere Bird and Attorney General Keith Forde had no comment to make about persistent reports that the government was the subject of a current Grand Jury hearing in Miami.

The hearing—said to be the first involving a Caribbean Community Government—was the direct result of a recently concluded probe by the U.S. Senate permanent sub-committee on investigations, knowledgeable sources reported. That inquiry dealt with an 1989 illegal arms trans-shipment involving drug dealers, businessmen, and politicians in the U.S., Israel, Colombia, and Antigua and Barbuda.

The OUTLET newspaper said its editor, opposition party leader Tim Hector, had written to the chairman of the U.S. investigating sub-committee, Senator William Roth, offering to cooperate in whatever way possible in the U.S. probe.

The sub-committee was said to have run into problems when its chairman, Senator William Roth, officially requested a copy of what is known here as the 'Washington Report.' The report questioned the legality of promissory notes amounting to U.S. 4 million dollars allegedly signed by a cabinet minister linked to a controversial business transaction with an Israeli businessman. The report, prepared by the U.S. law firm of Washington, Perito and Dubuc, was itself commissioned by Prime Minister Bird's government.

According to the latest edition of the anti-government weekly OUTLET paper, a Ministry of External Affairs official was instructed to inform the U.S. Senate investigating sub-committee that the 'Washington Report' was being studied. OUTLET claimed that the government had considered the report to be 'partial and as such, not fit to be seen by the U.S. Senate.'

Bahamas

Pindling Pessimistic About Tourist Industry

FL1405124591 Bridgetown CANA in English 2126 GMT 13 May 91

[Text] Nassau, Bahamas, May 13, CANA—Bahamian Prime Minister Sir Lynden Pindling in a national radio address at the weekend was pessimistic about the future of the sagging tourist industry. He said the economic problems in the Bahamas' biggest tourism markets have worsened.

"While many are struggling to hold on, waiting, and hoping for better days ahead, Bahamians would be foolish to believe that things are going to get better without some major effort on their part to make them better," said Sir Lynden who is also the minister of tourism. He said that earnings at all hotels will be lower this year, forcing them to cut costs to stay open. About 1,500 Bahamian hotel workers have been laid-off since last October and thousands more are on a shortened work week. And because thousands of people continue to lose their jobs in the United States and Canada, many potential tourists are reluctant to spend money because of uncertainties with their jobs, he said.

"No hotel indeed no business can afford to carry a normal compliment of employees for an extended period of time when it is not earning the revenue to pay them. We cannot, therefore, expect to see a full return to work until we clearly see a sustained upturn in tourism to get back where we were," said Sir Lynden.

"Sheer numbers could be very misleading if we don't understand the economics of the industry. To lure tourists back, hotels have to cut room rates just like the airlines are now reducing air fares to stimulate traffic.

"In our biggest tourist markets, the severe economic problems about which I spoke last January have got worse. Thousands of people continue to lose their jobs every day in the United States and Canada and over two million people in Britain have already lost theirs," he said.

"Many potential tourists who would have readily come to the Bahamas are still reluctant to spend their hard-earned money because they are uncertain if they will be working tomorrow," Sir Lynden added.

He said that when the recession started last year, the Bahamas began to lose revenue because of an exceptionally slow summer. The Gulf War caused revenues to sink even further as tourists, uncertain of full scale conflict and fearing a wave of terrorism, refused to fly to foreign destinations, he said. "The peak winter season when hotels earn 60 per cent of their yearly income just passed us by as it coincided with the peak of the Gulf War," said Sir Lynden.

"With low occupancies, no hotel was able to charge and get the usual winter rates and with the number of persons flying sharply reduced, many of our hotels were down as much as 55 per cent during that critical period.

"Since then, many Bahamians have lost their jobs. Thousands more were put on two and three day work week. The pressure on Bahamian families have been telling. Rents have gone unpaid. Mortgages are behind, school fees are in limbo. There has been a dramatic increase in the number of illnesses associated with stress," said Sir Lynden.

"Some economists believe we may now be seeing the worst of the recession. They contend that the steady decline in business activity will level off during the next few months. I hope so; but as far as the Bahamas is concerned, I doubt it."

After the Gulf War ended, hotel occupancy improved in April. This may have fooled some people into believing the crisis was over, said Sir Lynden. He noted that many hotel workers wanted to know why there were lay-offs when business was picking up.

"The reasons are a matter of simple, yet painful economics. The high season has already been lost this year due to the recession and war. That's gone; so even if things return to normal this month the revenues hotels make for the remainder of the year will still not make up for those earnings which have been lost," he said.

During the winter season top rates are charged. The Bahamas is now headed for the low season when rates are down. May and June will not be brisk months, said Sir Lynden. July and August are expected to be good, but September, October, and November are only expected to be moderate. Some hotels have been using 1987 winter rates and 1989 summer room rates, Sir Lynden said.

Bahamians would be foolish to believe that what is happening to airlines and hotels abroad will not affect them and that things will get better without any major effort on their part, he said. If the Bahamas, which attracted over three million visitors last year, is to retain its share of the market and expand that share and generate more revenue and jobs, everyone will have to get their act together, he said.

He said that hotel operators will have to stop reducing staff to "ridiculous levels" which makes good service impossible and workers will have to get serious about their attitudes toward work and the service they provide guests.

Three-Time FNM Candidate Switches Parties

FL1105125591 Nassau Bahamas Radio Network in English 1700 GMT 10 May 91

[Text] A three-time Free National Movement [FNM] candidate charged today that the FNM has become a reactionary party with no positive plan for itself or the country. Mr. Basil Neemore [as heard] made the statement in Freeport, Grand Bahama, today as he announced that he will join the PLP [Progressive Liberal Party]. Diana Swan has the details from our northern service news desk.

[Begin recording] [Diana Swan] [Words indistinct] the announcement, in the company of two Progressive Liberal Party senators, Mr. Albert Gray and Mr. Aubrey Hannah. Mr. Neemore said unfortunately for years Sir Cecil and most of his followers were in an uphill battle with some of his merchant colleagues in the party for what he believed in. Mr. Neemore said the FNM is now talking about the dream. What dream, he says—the people's dream, Sir Cecil's dream, or the dream of a few merchants?

He says Sir Cecil spent more time fighting with some of his colleagues than he did fighting the PLP. Mr. Neemore said today there is still no unity in the Free National Movement, and it is now only a splinter party of what it used to be. He said he is therefore asking Bahamians to stand up and help him make Sir Cecil Wallace- Whitfield's dream a true dream, and the Bahamian people dream a reality for a better Bahamas.

He said the Free National Movement has become a reactionary party with no plan for itself or for the country. He said at times they are not constructive in their criticism in dealing with the country's affairs. Instead, he said, they plan to thrive on vicious innuendos and gutter politics.

Mr. Neemore said he believes Bahamians must strive for higher ground and be more politically honest and decent. He said Bahamians must now strive to build the country together for the good of our children and country. He said he does not see this in the FNM. He says that is why he has decided that he can no longer be associated with the Free National Movement, and he announced that he is now rejoining the Progressive Liberal Party. [end recording]

British Virgin Islands

CDB: Growth Relies on Tourism, Finance

FL1505011591 Bridgetown CANA in English 1956 GMT 14 May 91

[Text] Road Town, Tortola, May 14, CANA—Growth in the British Virgin Islands (BVI) economy slowed last year to 6.3 percent from 7.5 percent in 1989, according to the Caribbean Development Bank. The year saw the number of stopover visitors declining, and sharp increases in international oil prices.

Last year's growth was led by construction and financial services, the CDB reported in its annual review of economic performance in borrowing countries. Performance over the medium-term is expected to depend primarily on the territory's ability to sustain growth in both tourism and offshore financial services, the CDB said. However, tourism growth could be restricted by limited hotel capacity and intense regional competition, while inadequate support services could hamper the financial sector, it added. The full CDB review follows:

'In 1990 the British Virgin Islands' (BVIs') economy began to be affected by a decline in stopover visitors, sharp increases in international oil prices which helped to push up domestic prices, and shortages of skilled labour. Real growth of 6.3 per cent, compared with 7.5 per cent in 1989, was led by construction and financial services. Visitor arrivals for the first nine months of 1990 totalled 231,000, a 5.6 percent increase relative to arrivals in the corresponding 1989 period.

'Reflecting the worldwide growth in the cruiseship industry as well as the shift of cruiseships to 'newer' ports in the region, cruiseship passengers increased by 63.8 percent to 76,900. In contrast, deteriorating economic conditions in North America resulted in a sharp fall in the number of stopover visitors from 141,300 to 125,800.

'Mainly as a result of the reconstruction and repair work done in the aftermath of Hurricane Hugo in September 1989, construction was one of the most dynamic sectors in 1990. In the six months ending June 1990, construction starts were estimated at 147, valued at 24.1 million dollars (U.S.) The private sector supported largely by unilateral transfers, especially remittances from BV Islanders living abroad, led the reconstruction effort.

'In addition, local commercial banks financed the reconstruction of small businesses and the restoration of

dwellings, using receipts from property damage insurance and reinsurance claims. However, because of the high import content of economic activity, the reconstruction effort put considerable pressure on the external sector. Also, the acute shortage of skilled labour and, consequently, high labour costs, caused substantial increases in building costs.

'Reflecting the BVI's expanding role as a major offshore financial centre, some 15,000 international business companies (IBC's) were incorporated in 1990, compared with 11,000 in 1989. This expansion pushed government revenues from this source to U.S. 7.2 million dollars. To further enhance the BVI's reputation as an international financial centre, significant changes were made in legislation governing the operations of commercial banks and other financial institutions.

'These included amendments to the IBC act, the Company Management Act and the Bank and Trust Company Act. Commercial banks again played an important role in financing economic activity in 1990. At the end of June 1990, bank loans were U.S. 152 million dollars, up 21.9 percent over the June 1989 figure, mainly to finance personal loans and credit to the construction and commercial sectors.

'The domestic loans-to-deposits ratio increased from 45.5 percent to 48.8 percent because of a slowdown in the rate of growth of deposits which increased by 13.7 percent to 331 million dollars at the end of June 1990.

'Despite major obstacles, including deforestation, soil erosion, irrigation deficiencies, competitive import prices, institutional weaknesses in marketing, and a scarcity of labour, the agriculture sector began to show signs of revival in 1990. This was based on the production of poultry, vegetables, and other food crops for home consumption. Fish production also grew, permitting the export of tuna and sailfish.

'Reflecting an underlying trend of full employment, total employment rose from 8,534 persons in 1989 to an estimated 8,625 persons in 1990. Employment losses as a consequence of the slowdown in tourist arrivals were offset by gains in government services, wholesale and retail trades, and construction.

'The consumer price index rose at an average rate of 2.5 percent during the first ten months of 1990, compared with a 2.6 percent increase in the corresponding 1989 period. By year end, prices were rising rapidly, mainly as a result of sharp increases in the prices of imported petroleum and related products. In 1990 total revenue of the central government rose by 12.1 percent to U.S. 46.4 million dollars (28.1 percent of GDP), mainly because of stringent tax collection measures and the high revenue intake from offshore business and financial services. Current expenditure grew by 8.8 percent to reach 38.5 million dollars (23.3 percent of GDP). The current surplus rose from 6 million dollars in 1989 to 7.9 million in 1990.

'The level of current savings in 1990 was sufficiently large to fund central government's capital programme. Capital expenditure increased to 7.3 million dollars in 1990, following heavy outlays on water and sewerage, transportation, and electric power generation and distribution projects.

'The high level of growth is expected to continue in 1991 on the strength of sustained investments by the public and private sectors, especially in housing. However, given existing bottlenecks and disincentives, no major growth is expected in agriculture and light manufacturing. At the same time, the BVI economy remains vulnerable to high oil prices, a deepening of the U.S. economic recession, and rising labour costs.

'Over the medium-term, economic performance will depend primarily on BVI's ability to sustain growth in both tourism and offshore financial services. In the tourism sector, growth could be restricted by limited hotel capacity, and intense competition from lower-cost destinations in the region. Meanwhile, growth in financial services could be constrained by inadequate support services. However, efforts to enhance tourism marketing and improve the quality of infrastructure, banking services, and human resources should help sustain momentum in these two areas.'

Dominican Republic

Taiwanese Minister Announces Investments

FL1405181391 Santo Domingo Cadenas de Noticias in Spanish 0930 GMT 14 May 91

[Text] Cheng Chien-jen, deputy foreign minister of the Republic of China, has said that his country will continue its investments in the Dominican Republic, especially in the tax-free industrial zone. President Balaguer met with the Taiwanese minister and Taiwanese Ambassador to the Dominican Republic Kuo Kang in a private audience at his office in the National Palace. Dominican Foreign Minister Joaquin Ricardo and Dominican Ambassador to Taiwan Johnny Morales were also present at the meeting.

Chien-jen affirmed that Taiwanese entrepreneurs, whose numbers will increase in the immediate future, will invest in the Dominican Republic 80 percent of the economic resources they are going to invest in the Caribbean. Chien-jen arrived in the Dominican Republic to meet with Taiwanese diplomats in the Caribbean region.

Teachers March Demanding Salary Increases

FL1405184591 Santo Domingo Cadenas de Noticias in Spanish 0930 GMT 14 May 91

[Text] The Dominican Association of Teachers [ADP] will mobilize all teachers in Santo Domingo today as a way to advance the ongoing struggle with the government. The mobilization will include teachers from all the

neighborhoods of the capital and the main commercial arteries. The teachers will gather at the Pan-American Unity Institute to start a march through the neighborhoods of the capital. The ADP has pointed out that the government has refused to solve the calamity of the national education crisis.

Medical Workers Plan New Hourly Walkouts

FL1405155991 Santo Domingo Cadenas de Noticias in Spanish 0930 GMT 14 May 91

[Text] The Dominican Medical Association [AMD] has announced a new work stoppage to put pressure on President Balaguer to respond to the demands for salary increases for medical personnel. AMD President Dr. Altagracia Guzman announced a toughening of the struggle for salary increases with an hourly walkout of medical personnel from clinics managed by employers associations. The hourly walkouts will be conducted by doctors who work in the National Institutes for Diabetes, Dermatology, Cardiology, and Oncology.

* Jan-Feb 1991 Revenues, Expenditures Reported

* Jan Revenues, Expenditures

91CA0109A Santo Domingo EL CARIBE in Spanish 12 Mar 91 pp 1, 4

[Text] The national income this past January came to 752,372,262 pesos, of which several million were allocated to the agricultural, irrigation, and energy sectors.

A National Budget Office (Onapres) report says that priority was given to these sectors in the allocation of funds.

The irrigation, energy, and farm projects received a total of 190,672,711.33 pesos.

The Onapres report read as follows:

"The National Budget Office, with a view to keeping the population properly informed about the sums making up the income and expenditures of the state for the month of January 1991, is making the details pertaining to budget movement available to the general public.

As the reader will see, the strategy of the current government, headed by Dr. Joaquin Balaguer, the president of the Republic, establishes essential priorities in the allocation of public funds for agriculture, irrigation, drinking water, energy, money, health, education, and housing.

Given the circumstances prevailing in the Republic—including everything pertaining to agriculture, the drinking-water supply, irrigation, energy, the demonetization plan, payment of the public debt—the attention needed to meet the health demands of the people and the educational system, and the priority of these public interests, there is an urgent need to provide more effective attention where the execution of the budget is concerned.

It must be noted, however, that despite the urgent attention merited by the priorities listed, the government, far from neglecting other basic aspects of public administration, is also taking them into consideration, and is adopting measures designed to find more effective solutions for them.

National income in the period in question came to a total of 752,372,262 pesos, while foreign-source income for investment expenditures came to 4,702,269 pesos, and investments less foreign sources came to about 407,674,516.10 pesos.

The agricultural, irrigation, and energy sectors received allocations amounting to a total of 190,672,711.33 pesos. The National Water Resources Institute (INDRHI), in particular, received the sum of 76,730,235.37 pesos for the construction and supervision of the Jiguey-Aguacate dams and the Sabaneta project, as well as the construction of cana's and the repair and maintenance of other dams.

The Dominican Electricity Corporation (CDE) received allocations in the amount of 32,917,506.48 pesos to cover various commitments and to finance the Energy-System Rehabilitation and Distribution project.

Also, the Dominican Agrarian Institute (IAD) received 10,688,619.38 pesos for the execution of various projects. The Agricultural Bank received 21,321,433.05 pesos for the financing of various farm programs, and the Special Fund for Agricultural-Livestock Development (FEDA) received 1,192,436.20 pesos for the intensification of the support programs for farm production and other related goals. The Cruz de Manzanillo program received 2,148,490 pesos for the planting of various farm crops, and the Secretariat of State for Agriculture was given 22,983,600 pesos to develop and increase farm production.

The National Institute of Drinking Water and Sewage received the sum of 16.8 million pesos for the implementation of various projects.

The Central Bank of the Republic received 100 million pesos for the demonetization program, and 31.6 million for payment of the public debt. The Santo Domingo Waterworks and Sewage Corporation received an allocation of 21.5 million pesos for the construction of the Valdesia-Santo Domingo aqueduct.

And, finally, the Secretariat of State of Public Works and Communications received allocations in the amount of 72,453,217.97 pesos; the State Project Supervising Engineers' Office received 30,082,269.61 pesos; and the State Project Coordination and Supervisory Office received 5,202,300 pesos for the execution of projects and programs of social and economic interest throughout the Republic. These projects include housing, airports and ports, free

zones, aqueducts, sewage systems, highways and local roads, street maintenance, and historic monuments."

* Feb Revenues, Expenditures

91CA0109B Santo Domingo EL CARIBE in Spanish 5 Apr 91 pp 1, 4

[Text] The country's domestic income last February came to 665,181,694 pesos, of which major portions were allocated on a priority basis for the execution of agricultural, irrigation, drinking water, energy, health, and education projects.

A National Budget Office [Onapres] report said that priority was given to these sectors without neglecting other basic public administration areas.

The complete text of the Onapres report follows:

"The National Budget Office, with a view to keeping the population properly informed about the sums making up the income and expenditures of the state for the month of February 1991, is making the details pertaining to budget movement available to the general public.

As the reader will see, the strategy of the current government headed by Dr. Joaquin Balaguer, the president of the Republic, calls for granting basic priority in the allocation of public funds to agriculture, irrigation, drinking water, energy, monetary, health, and education.

Given the circumstances prevailing in the Republic—including everything pertaining to agriculture, the drinking-water supply, irrigation, energy, the demonetization plan, payment of the public debt—the attention needed to meet the health demands of the people and the educational system, and the priority of these public interests, there is an urgent need to provide more effective attention where the execution of the budget is concerned.

It should be noted, however, that despite the urgent attention merited by the priorities listed, the higher government, far from neglecting other basic aspects of public administration, is also taking them into consideration, and is adopting measures designed to find more effective solutions for them.

National income in the period in question came to 665,181,694 pesos, while foreign-resource income for investment expenditures came to 5,205,270 pesos, and investments less foreign resources came to about 339,424,575.37 pesos.

The agricultural, irrigation, and energy sectors received allocations amounting to 121,494,917.82 pesos. The INDRHI [National Water Resources Institute], in particular, received the sum of 63,116,666.66 pesos for the construction and supervision of the Jiguey-Aguacate dams and the Sabaneta project, as well as for the construction of canals and the repair and maintenance of other dams.

The CDE [Dominican Electricity Corporation] received allocations in a total amount of 30,366,481.07 pesos to cover various commitments and for the Energy-System Rehabilitation and Distribution project.

Also, the IAD [Dominican Agrarian Institute] received 5 million pesos for the execution of various projects and the financing of various farm programs, while the FEDA [Special Fund for Agricultural-Livestock Development] received 1,198,826.20 pesos for the intensification of the support programs for farm production and other related purposes. The Cruz de Manzanillo project received 2,148,490 pesos for the planting of various farm crops, and the Secretary of State for Agriculture received 14.6 million pesos to develop and increase farm production.

The National Institute of Drinking Water and Sewage received 17.8 million pesos for the execution of various projects.

The Central Bank of the Republic received 5.5 million pesos for the demonetization policy, and 67.1 million for payment of the public debt.

The Santo Domingo Waterworks and Sewage Corporation received an allocation of 23 million pesos for the construction of the Valdesia-Santo Domingo aqueduct.

Finally, the Secretary of State of Public Works and Communications received allocations in the amount of 79,673,387.05 pesos; the State Projects Supervising Engineers' Office received 37,243,718.33 pesos; and the State Projects Coordination and Supervisory Office received 6,953,305.36 pesos for the execution of projects and programs of social and economic interests throughout the Republic. These projects include housing, airports and ports, free zones, aqueducts, sewage systems, highways and local roads, street maintenance, and historic monuments."

Grenada

Mismanagement in State-Funded Corporations

FL1305120291 Bridgetown CANA in English 1513 GMT 11 May 91

[Text] St. George's, Grenada, May 11, CANA—A government-ordered probe of some state-funded corporations has turned up cases of mismanagement and abuse of position, according to a "GRENADA TODAY" newspaper report. At the weekend, the paper carried what it said were excerpts from the report prepared by Barbadian jurist Lindsay Worrell who investigated the Gravel, Concrete, and Emulsion Corporation (GCEC), the Grenada Electricity Services Limited (Grenlec), Grenada Rock, Asphalt, and Concrete Products Limited (GRACP), the Central Garage Corporation (CGC,) and the Central Water Commission (CWC).

The report, according to the paper, called for the sacking of at least one manager and accused others of being involved in illegal activity. The inquiry was ordered by

late Prime Minister Herbert Blaize, concerned about what he regarded as wrong-doing in several statutory bodies under then minister of communications and works, Dr. Keith Mitchell.

On the GCEC, Worrell was quoted as saying "the problems facing this statutory body resulted from its failure to have in place a proper system of accounting" and "there was also disregard of the law by the board of directors." According to the paper, Worrell said "management decisions were taken without the approval of the board of directors."

The report said the Grenada Electricity Services Limited suffered financial losses because of ad hoc decisions by key people. On GRACP, the paper quoted the investigator as saying: "The board made many ad hoc decisions with regard to incurring expenditure on behalf of the company. No annual budget was prepared and presented to the board for its approval."

On the Central Garage Corporation, Worrell was quoted as saying the financial problems were there from the inception. He reported a "lack of proper management and failure to observe normal business techniques in the day to day running of the corporation." On the Central Water Commission, one complaint was said to be that a Trinidad and Tobago firm was hired for cleaning a number of CWC wells without the board's approval. "This work was not executed in a professional manner and the Central Water Commission has not yet received any benefit from the use of the bore holes," Worrell was quoted as saying in the report.

Corrupt Officials Should Be Caught

FL1305145991 Bridgetown CANA in English 2113 GMT 11 May 91

[Text] St. George's, Grenada, May 11, CANA—The Grenada Government should let the law take its course against statutory corporation officials, an investigator linked to wrong-doing, Agriculture Minister Phinsley St. Louis, suggested. His comments follow press reports that Barbadian jurist Lindsay Worrell had turned up cases of corruption and mismanagement in state-funded corporations.

"I would hope that if there are areas of corruption which can in fact incriminate people...the government would move positively in that direction," St. Louis told CANA.

It should "take the matter to the farthest that it can in order to apprehend those people who were involved in corruption against the state," he suggested.

The inquiry was ordered by the Herbert Blaize administration in 1989. The press here quoted Worrell as saying there was a high level of mismanagement, misuse of funds, and a lack of proper planning within the six statutory corporations under investigation.

One lawyer, Lloyd Noel, said, "The report has been out now for more than three weeks. If there was real any mass corruption then they (government) would have moved the very day they read it....

"The commissioner's report is one thing, but if they are going to take criminal action they are going to have to find evidence to prove it," Noel told CANA.

Haiti

Aristide Attends Closing Session of Parliament

FL1405231691 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 14 May 91

[Excerpts] The Chamber of Deputies and the Chamber of Senators met in National Assembly on Monday, 13 May to close the first working session of the Chamber of Deputies as stated in the 29 March 87 Constitution. Article 92.2 of the Constitution states: The first session of the Chamber of Deputies begins on the second Monday of January and ends on the the second Monday of May. The Senate will function as a permanent assemblage, in compliance with Article 95.1 of the Constitution.

National Assembly president, Senator Eudrice Raymond, presented an assessment of Parliament's 99 days of work in the presence of the president of the country, Father Jean-Bertrand Aristide; the prime minister, Rene Preval; and the national education minister, Leslie Voltaire.

Senator Raymond described visits by various ambassadors and organizations of foreign parliamentarians. He spoke of travel to foreign countries, and meetings held with peasants to investigate problems their areas are facing. He discussed appearances by government ministers before the Senate. [passage omitted]

The National Assembly president added that it is because the executive fails to provide necessary materials and supplies that the legislators have not done more. [passage omitted]

After the Assembly, the president of the country, Father Jean-Bertrand Aristide conversed for about 15 minutes with the president of the National Assembly, Senator Eudrice Raymond.

The National Assembly will reconvene on the second Monday of June, as mandated by the Constitution of the country.

Dismissed Soldiers Demand Reinstatement

FL1405213091 Port-au-Prince Radio Metropole in French 1600 GMT 10 May 91

[Excerpts] Former military men of the Dessalines Barracks demand reinstatement in the Army. About 200 members of the disbanded corps of former General Prospere Avril plan to march in the capital's streets today to peacefully demonstrate and demand their reinstatement in the Army.

[Begin recording] [Reporter Siprien] About 200 military men from the Dessalines Barracks, expelled from the institution under Prospere Avril's regime, are voicing their justification for reinstatement. Reduced to unemployment since that time, their daily activity consists of gathering around the Army headquarters, awaiting an answer from General Abraham, an answer which is still expected after many postponed appointments, one most recently set for 18 May. In the event that their demands for reinstatement go unsatisfied, the date will not pass unnoticed, they said. [passage omitted].

The significant issue with these military men seems to be more their unemployed status than the concept of reinstatement, though they feel that the Army high staff should understand because the reasons for their dismissal were no secret to anyone. [passage omitted].

During the events of April 1989, a split occurred in Prospere Avril's regime, resulting in fratricidal conflict within the Army. Now, two years later, about 200 dismissed soldiers demand their reinstatement in the institution.[end recording]

Commerce Minister Pledges Rice Import, Price

FL1405203491 Port-au-Prince Radio Metropole in French 1600 GMT 10 May 91

[Text] The high cost of living comprises two elements, according to the minister of commerce during a press conference last Wednesday: the increase in consumer goods, and the chronic unemployment rate.

Minister Smarck Michel authorized about 70 businessmen from the capital and cities in the provinces to import rice in order to lower the cost of living. According to the minister's expectations, by next week the national market will be saturated with rice, which will be sold at 210 gourdes, or $42.00. The minister also announced the import of 120,000 bags of rice by the state.

Minister Smarck Michel added that strong measures would be taken against wholesale and retail dealers who stubbornly insisted on increasing the price of essential products. Mr. Michel cited the 16 March 1989 law regarding price control and illicit speculation.

First Rice Installment Arrives

FL1405235591 Port-au-Prince Radio Metropole in French 1600 GMT 14 May 91

[Excerpts] The first installment of the 120,000 bags of rice ordered by the Aristide-Preval government to supply the local market arrived over the weekend. About 64,000 bags will be sold at $38 a bag, primarily to the associations of sellers.

[Begin recording] [Reporter in Creole] Workers at the Port- au-Prince Harbor began unloading 65,000 bags of rice Monday from the ship Edith Nelsen, which has been in the harbor since Saturday. This amount of rice will take a week to unload.

Many questions were raised by controllers and other workers at the harbor on Monday regarding the origin of this rice. A primary source of information explained that the load was the first installment of the government's program to drop the price of essential products. The remainder of the order is expected soon. [passage omitted]

According to another group of workers, the shipment of rice has nothing to do with the order placed by the government. This source believes that authorities seized the ship. [passage omitted] No official information has been released since the unloading on Monday of the 64,000 bags of rice which represent the first installment of the 120,000 bags ordered by the government.

According to sources close to the minister of commerce, however, the brokers will be the first to benefit from this order. During a press conference, the minister of commerce announced that the price per bag at the harbor would be $38, while the price per bag throughout the country has been fixed at $42.[end recording]

Jamaica

Prime Minister Manley Defends Washington Visit

FL1505022191 Bridgetown CANA in English 2235 GMT 14 May 91

[Report by Wesley Kirton]

[Text] Washington, May 14, CANA—Jamaica Prime Minister Michael Manley on Tuesday began an official visit to Washington which he described as a 'clearly Caribbean initiative.'

Manley, who is also current chairman of the 13-member Caribbean Community (Caricom), told the Caribbean News Agency (CANA) that his discussions with U.S. Congressional and Administration officials would focus on attempting to accelerate a bilateral framework agreement between Caricom and the United States on the Enterprise of the Americas Initiative [EAI]. The EAI is a new U.S. government investment and debt-relief package for the Caribbean and the Americas.

Manley said his colleagues had agreed at an informal heads-of-government meeting in Trinidad and Tobago last February that 'Jamaica would be the interlocutor to represent the group to see if we could find a framework agreement that we wished that would also be acceptable to the rest of Caricom.'

He added: 'We are exploring it. We are working on it and I think it is going well...We are here on a clearly Caribbean initiative trying to accelerate the framework agreement that would include Caricom as a whole, and that is the central purpose of the visit.'

Manley said there were certain issues of importance to Jamaica which he has to discuss with agencies such as the International Monetary Fund and the World Bank, 'but the fact that we have our own agenda isn't because we are

letting down anybody else with the regional agenda. I am the author of trying to get Caricom together on the Enterprise of the Americas and I have not changed and will be doing my best,' Manley said.

Manley said people in the region ought to understand that Jamaica had its own problems 'and, with the deepest respect, nobody can handle these for Jamaica. We have to deal with this for ourselves.'

Manley said a critical aspect of his discussions on the Enterprise of the Americas Initiative would be the fact that while the programme was designed to reduce debt and to shorten the period under which Caribbean countries make debt repayments 'it does not at present contemplate a reduction on how much we pay out each year.'

In the short term, therefore, the programme would not make a contribution, Manley said. He lamented the fact that Jamaica was paying out in debt service to the international lending institutions more money than it was receiving.

The prime minister said his country would experience a shortfall of between 100 and 150 million U.S. dollars over the next year.

Turning to U.S./Caribbean relations, Manley said he would point out to U.S. President George Bush in their meeting Wednesday that it was very important that the United States not close out the Caribbean from its immediate economic cooperation and support plan.

'We know that there are tremendous stategic imperatives in Eastern Europe; Africa is a special problem. The Gulf War created its own special demands. But we really are urging not to forget the huge potential of the way developments are now unfolding in the Caribbean and Latin America,' the Jamaica leader said.

'And we are just at that extra mile now when the U.S. can help consolidate that huge development of democracy, free market economies, economic prosperity, all of which we think America is a matural beneficiary from.'

Almost Half of Debt To U.S. May Be Written Off

FL1005223391 Bridgetown CANA in English 2001 GMT 10 May 91

[Text] Kingston, Jamaica, May 10, CANA—Almost half of Jamaica's huge debt to the United States is expected to be written off, according to Finance Minister P. J. Patterson.

Patterson told Parliament that an estimated U.S.400 million dollars of the U.S.810.24 million dollars owed to the United States at the end of 1990 was likely to be written off once the Enterprise of the Americas Initiative became law. The EAI is an investment and debt relief programme being implemented by the Bush administration.

Patterson said that while the initiative will reduce the stock of debt it will have no immediate ameliorating impact on the debt service burden of Jamaica in the near future as the acceleration of payments on remaining balances was said to be a requirement of the exercise.

He warned that once Jamaica started to benefit from the debt conversion under the EAI, there will be no further access to debt relief at the Paris Club for the United States portion of Jamaica's debt. Patterson made the comments Thursday, presenting the national budget.

On the foreign exchange cash budget, Patterson said that of the U.S.1,664.5 million dollars available, U.S.645.45 was used to pay the public debt. He said the debt service ratio fell from 34 per cent of gross domestic product in 1989 to 26.4 per cent.

Jamaica's total public debt, Patterson said, amounted to U.S.4,152. 41 million dollars at the end of 1990. This represented an increase of U.S.114.0 million dollars or 2.8 per cent on the 1989 figure. Total debt at the end of 1990 was at an estimated ratio of 104 per cent, a drop from the peak of 160.7 per cent in 1985.

At the end of 1990, 84 per cent of Jamaica's external debt was owed to official creditors of which 48 per cent was due to bilateral donors, Patterson reported. Debt owed to commercial banks represented 10 per cent of the total outstanding debt.

According to Patterson, refinancing arrangements negotiated with commercial bank creditors in 1990 provided U.S.54 million dollars in relief over two years. This, he added, in addition to the exisitng debt conversion programme had virtually exhausted available debt relief options for this category of debt.

St. Lucia

Compton Begins Three-City Tour of Canada

FL1305145691 Bridgetown CANA in English 1441 GMT 12 May 91

[Report by Darryl Dean]

[Text] Toronto, May 12, CANA—Tourism promotion is expected to be a major topic for discussion when St. Lucia's Prime Minister John Compton meets representatives of the Canadian private sector during his official visit to Canada this week. On his tour of three Canadian cities—Toronto, Calgary, and Ottawa—starting on Monday, Compton is scheduled to meet Canadian Government and private sector officials.

A spokesman here for the St. Lucia Government noted that meetings with travel industry representatives are on the prime minister's itinerary for each of the cities which he will visit. Compton will also address groups of St. Lucian nationals residing in all three cities. Before leaving Toronto on Wednesday for the western Canadian city of Calgary, Compton is expected to visit a farm near Guelph, Ontario where several St. Lucian migrant workers are employed.

From Calgary, Compton will travel to Ottawa, the Canadian capital, where he is scheduled to hold discussions with high-level officials of the Canadian Department of External Affairs and the Canadian International Development Agency (CIDA).

A public relations representative of the St. Lucia Tourist Board here noted that for many years, St. Lucia has been a favourite holiday destination for large numbers of Canadians. Last year more than 14,500 Canadian tourists visited the island.

Costa Rica

Commission: Human Rights Continue To Deteriorate

PA1405122191 Panama City ACAN in Spanish 0055 GMT 14 May 91

[Text] San Jose, 13 May (ACAN-EFE)—The nongovernmental Costa Rican Human Rights Commission, Codehu, denounced today that the human rights situation in Costa Rica "continues to deteriorate" and that there has been an increase in arbitrary arrests and police abuse and a decrease in social services.

In a 200-page report covering the period between March 1989 and August 1990, Codehu highlights that the police corps budgets increased by almost 30 percent while the budgets for education, health, and housing only increased slightly.

Furthermore, the humanitarian organization asserts that the training given to policemen "is more military than police oriented" and that this has had an influence on the increase of abuses against the people.

Codehu points out that eight people have died in "unjustified" police actions, including a 10-year-old boy who was riddled with bullets by police in May 1990 when they raided his house searching for an alleged criminal.

Also, public order officials have arrested approximately 20,000 people for short periods of time for actions that were not illegal.

Codehu indicates that it is "excessive" to have 28,169 policemen in 18 police and related organizations for a country whose population is a little over 3 million inhabitants.

Moreover, "the population's economic and social conditions have deteriorated in an alarming manner," to the point that epidemics, such as measles and chicken pox—which had long been eradicated in the country—have begun to spread.

According to Codehu, 70 percent of Costa Ricans live in poverty because of low wages and unemployment. It also reports that approximately 176,000 children are deprived of the right to attend school.

Codehu attributes the decrease in social programs to the severe economic adjustment program, which includes a substantial fiscal deficit reduction recommended by the IMF.

El Salvador

Rebels Report Large-Scale Army Offensive

PA1505041691 Paris AFP in Spanish 0259 GMT 15 May 91

[Text] San Salvador, 14 May (AFP)—Thousands of infantrymen—supported by howitzers, elite battalions, and the Salvadoran Air Force—are conducting military operations in areas controlled by the Farabundo Marti National Liberation Front [FMLN], rebel sources reported today.

According to the guerrillas, the Army is conducting these operations against FMLN-controlled areas in the country's north, center, and east to "disrupt" the negotiating process between the government and the rebels. The date for the next dialogue meeting has not yet been set, although it had originally been scheduled to be held in Mexico in May.

Radio Venceremos, the mouthpiece of the Salvadoran guerrillas, has reported that the Army "has initiated the largest military offensive" against the guerrilla-controlled territories.

According to the FMLN, the accords signed with the government on 27 April "began a process to reduce and purge the Armed Forces and to end impunity within the military. The process now places them within reach of the administration of justice." This has led the Army to oppose the negotiations. "The accords limit the Armed Forces' excessive power over civilian society. This is why the Armed Forces oppose the Mexico accords," the rebel radio station pointed out.

Radio Venceremos held the Army responsible for an eventual and "almost certain" aggravation of the war in El Salvador, warning that "you just do not hand out what you have conquered. You defend it even with your life."

The Mexico agreement foresees constitutional reforms within the Armed Forces, the electoral and judicial systems, and the human rights system, as well as the creation of a so-called "Commission of Truth," made up of three notables designated by the United Nations. According to the FMLN, the functions of this commission will be a "blow" against the soldiers responsible for the murder of the Jesuits in November 1985. According to the rebels, "all the members of the military high command are involved, as intellectual authors," in this crime. The FMLN adds that "the murder of the Jesuit priests has now become a nightmare, a phantom that puts them within the reach of justice and completely strips them of their impunity." The station added: "That is why they oppose the agreements and want to hamper the negotiations," said the rebel radio station.

The FMLN stated that they have intelligence reports that say that the high command and President Alfredo Cristiani have ordered Colonel Guillermo Benavides—the main person currently accused of the massacre of the Jesuit priests—"to remain silent and trust that they will guarantee his freedom shortly."

The radio station reported that "they have asked Col. Benavides to take full responsibility, without involving any of the intellectual authors because the Armed Forces and the government will soon promote an amnesty that will favor the two former captains of the Army who took up arms against the regime in 1981."

The rebels trust that the Commission of Truth that will be created "will bring the real murderers to light," and "that is why the Army is bent on making the negotiations fail," said Radio Venceremos.

In conclusion, the rebels called on the United Nations and the international community "not to allow the efforts made in the search for peace to be forestalled."

FMLN Reports Inflicting 40 Army Casualties

PA1505015991 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 13 May 91

[Battle "Report" signed by the Francisco Sanchez Southeastern Front Command of the Farabundo Marti National Liberation Front (FMLN) in El Salvador on 11 May]

[Text] Today, 11 May, National Army for Democracy [END] columns conducted a military maneuver called: "Let's Stop the Ploys With Which Arena [Nationalist Republican Alliance] and the Top Command Want To Prolong the War." The END operation consisted of encircling three (Tario) Battalion companies of the 6th Infantry Brigade. The fighting began at 0830 and lasted until noon in the areas known as La Bomba and Moropala Canton, Concepcion Batres Jurisdiction, Usulutan Department.

We report to our people that, as a result of the fighting, we inflicted 40 casualties on the enemy. These 40 casualties comprise 13 prisoners of war, eight killed, and 19 wounded. In addition, the entire (Tario) Battalion was dismantled. The prisoners of war are: Soldier Wilfredo Martinez, Soldier Juan Francisco Meza, Soldier Alejandro Zuniga, Jose Simon Chicas Herrera, German David Argueta, Domingo Jimenez, Santos Martinez, Noe de Jesus Lopez Mendoza, Jaime Rigoberto Aparicio, Roberto Henriquez Cruz Martinez, Carlos Alberto Murillo, Jose Mauricio Lopez Gonzalez, and Soldier Hector Manuel Martinez Villanueva.

We must point out that, in a humanitarian act and in compliance with the Geneva Accords, our forces sent the first eight captured servicemen mentioned above to Usulutan City's San Pedro Hospital, so their wounds can be treated. Our forces also sent the corpses of five soldiers left behind in the combat zone.

We report capturing the following war materiel: 15 M-16 rifles, 50 cartridge clips for M-16 rifles, one PRC-77 military communications radio, five grenades for 81-mm mortar, 4,000 5.56-mm caliber cartridges, five belts for M-60 grenades, eight M-79 grenade launchers, two hand grenades, 19 U.S.-made knapsacks, combat gear, boots, uniforms, and other war materiel. We report that one of our comrades was wounded. We will win!.

[Signed] Francisco Sanchez Southeastern Front command, 3d FMLN region.

Vice President Rejects Latest FMLN Proposal

PA1405185191 San Salvador Radio Cadena Horizonte in Spanish 1200 GMT 12 May 91

[Text] Salvadoran Vice President Francisco Merino rejected this week's proposal by FMLN [Farabundo Marti National Liberation Front] Commander Jorge Melendez, alias Jonas, who put forward the requirements for agreeing to a cease-fire—the delivery of territory but without the guerrillas' disarmament. Merino said the government is not willing to negotiate these proposals because before arriving at a cease-fire the FMLN must first fully disarm and then demobilize. Merino also said that the guerrillas are not keeping to the Mexican agreements, one of the requirements put forth at the negotiating table. He said that the constitutional reforms are the overall framework for discussing an end to the armed conflict.

[Begin Merino recording] This point is very clear. The dialogue process precedes an end to the armed clashes, and then comes the FMLN's disarmament and demobilization. In other words, it means that they, the FMLN, should incorporate themselves into a democratic and peaceful life. It is therefore inconceivable that the peace process can enter a phase with the FMLN maintaining itself as a viable force, when the idea is that they, who are outside the law, should abandon their way of life to become legal. We do believe their claim for political opportunities is a valid one, and that they should be allowed to take part in the democratic process by campaigning as any other political party. The people will then be the ones to decide in the elections. [end recording]

The vice president also criticized the lack of resolve by FMLN commanders, who failed to turn up at the negotiating table the first week in May as had been agreed. Merino said that their absence was due to their trip to Cuba, probably to receive instructions from international communists or to go on holiday. He said that the reason the government has gone to the negotiating table is not because of FMLN pressure, but rather because of the government's commitment to the agreement with the United Nations that peace can only be attained through negotiation and not through the guerrillas' warmongering position.

[Begin Merino recording] The fact that the FMLN has stepped up terrorism and destruction is proof they do not have the resolve; however, this will not force us to accede to their illegal demands. [end recording]

The statements by Vice President Franciso Merino were made during the swearing in of 63 recruits for 1991 at the Armed Forces Telecommunications Instruction Center, CITFA, in San Salvador.

FMLN Commander on Peace Talks, Conditions

PA1405183991 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 11 May 91

[Interview with Commander Jorge Melendez, alias Jonas, political military chief for Region 3 of the National Army for Democracy (END) of the Farabundo Marti National Liberation Front (FMLN), by unidentified reporter; place and date not given—recorded]

[Text] [Reporter] We are going to discuss some important current political issues with Commander Jorge Melendez, also known as Jonas. Commander Jonas, what is the FMLN trying to achieve regarding the issues of the Armed Forces and human rights at this time in the negotiations? In sum, what is the FMLN's fundamental goal in the negotiations?

[Jonas] What do we want with respect to the constitutional reforms? We want the legal framework to become flexible and open, to recognize and pass into law all the agreements on important issues, such as electoral reform, socioeconomic issues, and the issue of the Armed Forces, as well as the future of the FMLN, its military forces, its political actions, human rights, etc. The constitution should be amended to allow these agreements to materialize.

Regarding the issue of the Armed Forces, the problem is basically the following: In this country, the Armed Forces do not provide public security because they are currently authorized to exercise the duties of a security organization. The reforms that were presented recently, after the meetings in Mexico, proposed the separation of security forces from the Armed Forces.

The ratification of the new Legislative Assembly is still pending. But what is behind this? Why did we first take this step? There is a great deal of fear, anxiety, and lack of freedom in our country as a result of the existence of the military corps. The modes of thinking that differ from those of the government party or government interests are confronted with the reality of arrests, disappearances, murders, and massive or selective repression. In this regard, we need a different army that could achieve total demilitarization, within the framework of negotiations. This means that we would have an army that would respond to the need to instruct and prepare civilians militarily. In the event it becomes necessary to defend our national territory or national sovereignty, we would have a group of Salvadorans, perhaps young Salvadorans, ready to use arms to face any foreign invasion or any other problem. We are referring only to the existence of a staff, a high command, and a small body of instructors. However, we are not referring to an army that will be a military instrument strong enough to impose its will on the civilian society.

The FMLN proposed two basic conditions before we agree to a cease-fire. First, we want to end the impunity of the Armed Forces and the security corps. All crimes should be investigated, and some legal and judicial mechanisms should be created with the participation of civic and international organizations. We want to end the violations of human rights and the basic rights of the Salvadoran people, such as freedom of organization, freedom of expression, etc. The crimes should be stopped and investigated so that justice can prevail. Among these crimes, it will be of the utmost importance to clear up the murders of Monsignor Romero and the Jesuit priests, the attack on the Fenastras [Salvadoran Workers National Union Federation] headquarters, and the massacres of (?El Chinchi) and (El Mozote), as well as many more crimes perpetrated by the Armed Forces. Ending the impunity is one of the FMLN's conditions to agreeing to a cease-fire. Nobody can continue to kill people without being investigated and punished.

The second basic condition is the purging of the Armed Forces. The Armed Forces have been a source of great power for several years, committing the aforementioned crimes. We want to change all those elements with criminal backgrounds, all those who have supported these crimes in El Salvador. This would imply a purge of the Armed Forces. It would also imply purging the S-2, some commanders, and totally purging and changing the concept of the security corps.

Another topic linked to the purging of the Armed Forces is the creation of the national police force. The national police must not be interpreted as a simple change of name of the current security corps.

It is not a matter of moving corrupt people to another ministry. It is a matter of making serious changes for the sake of the Salvadoran people and creating a civilian police that is comprised and led by civilians. It will be necessary to create certain structures. The civilian police should be led by a group of lawyers or sociologists, meaning professionals. The civilian police must be made up of professional Salvadorans, meaning university or high school graduates. This is a very common problem in a democracy. It is a problem that has disrupted freedom of expression and organization in the country. The Salvadoran people must assume this as one of their historical and essential rights.

The civilian police should include an operations department and have a high sense of duty. They should have a good professional, legal, and academic education, be technically prepared, and yet maintain special relations with civilian society. The civilian police must be a continuation of society rather than an instrument of oppression, which it is now.

The civilian police are so important that we know that Roberto D'Aubuisson, who did not create the death squads, but is responsible for the ultimate development of the death squads, Section 2 [not further identified], and [words indistinct], meaning the Armed Forces' intelligence and counterintelligence organizations—thinks that it is important to take control of them. That would

be a catastrophe. The Salvadoran people must understand that the national civilian police must be one of their rights. That is another condition.

At the very least, the civilian police represent a valid agreement, but it takes on more importance as a constitutional amendment. I say at the very least because the amendments represent only a framework; the national civilian police have not been created yet. The national guard, the treasury police, and the national police still exist. These organizations are still here and men have been incorrectly trained based on an erroneous notion of repression and security—the security is really an imposition—instead of on a concept of creating real security for the Salvadoran people.

In addition to the Armed Forces issue, human rights is the other important issue. What can and should the Salvadoran people expect from the negotiations on this? What can the FMLN expect from the negotiations? There are two basic human rights issues: The first is an agreement calling for the creation of the human rights verification commission, as attested to in San Jose. Both sides agreed that the commission should be created soon because the problems caused by human rights violations are not the result of the war, but rather of the institutionalization of a systematic and permanent violation of human rights in El Salvador. These human rights violations involve state repression. Therefore, the agreement was essential, but it was more important to agree to the arrival of the UN verification commission in the country.

We, however, have came across two grave violations of our nation's rights. President Cristiani has said that all the agreements will be implemented after a cease-fire is approved. He said this in public. We have learned through the media that both the U.S. and the UK representatives at the UN Security Council are opposed to sending a verification commission in the near future. The United Nations has already agreed that a commission should come, and the first commission that would have been sent to El Salvador was made aware of the possibility of coming right away.

We do not understand President Cristiani's position, much less the position of these two nations, especially the United States, because it appears as though they are condemning the Salvadoran people to continued suffering. The action suggests that they support the death squads, a murderous Armed Forces, the massacres at El Mozote and El Sumpul, and the assassination of the U.S. nuns. The action also suggests that they support the destruction of the newspaper EL DIARIO LATINO and other media in our country. We do not understand it.

Nevertheless, the FMLN will insist at the negotiations, and through the agreements, on the need for mechanisms to guarantee that these important agreements will be implemented.

I believe that every person and every social sector knows how important this commission's trip to this country is. The visit is an important one. All the political parties, associations, Salvadoran people, and the international community must struggle and exert pressure so that human rights are guaranteed in El Salvador.

That was the first human rights aspect. The second is the attorney general for human rights. Simply speaking, if a person is captured in the country, he is tortured, beaten, and forced to sign an unofficial statement attesting to his guilt or ignorance. If the person endures the beating, he may declare himself innocent. If, however, the person does not endure the torture or the beating, then he must declare himself to be guilty.

In this country, a person can be captured and made to disappear. Therefore, we need a mechanism to ensure that a person who has been arrested can make a phone call right away and have his lawyer present at the time of questioning. This would be the best way to end the inhuman practices and violations of human rights. This is one of the many violations. This aspect of human rights is also essential.

Another very important aspect that must be mentioned is that the FMLN proposes that if we are going to sign a cease-fire agreement, then we must remain as we are. That is to say that neither side can demand advantages of the other that it does not have at the time war ends. The government cannot demand that the FMLN surrender at the negotiating table, just as the FMLN cannot demand that of the government. The issue concerns ending the war in order to open a political space for returning to civilian life.

This action has three preconditions. First, the FMLN keeps its territory and weapons. However, this does not mean that the FMLN wants to divide or create other countries. The country is frozen [sentence as heard]. This precondition simply means that the status quo of a particular zone, the new political organization, new form of property, and the new concept of public security are to be respected. The FMLN should remain armed because it has not been defeated and no one can demand that it surrender its weapons. The END has won the right to be armed through 10 years of war and because of the guarantee it represents for the Salvadoran people: compliance with agreements and continued negotiations.

The second precondition is that the FMLN be allowed to enter public and political life so that it can publicize its proposals. This would mean that no one could be persecuted for being a member or supporter of the FMLN and suggests that all anti-insurgency laws should be eliminated and that there should be absolute freedom for all ideologies.

The third precondition, and another important factor for our democracy, is access to the mass media for all political opposition, including the FMLN. This means that one television channel must be privatized, either channel 8 or channel 10—so that the opposition will have some way of expressing their thoughts.

The FMLN should also have access to the media, and we believe that the Salvadoran people should negotiate a true democracy during the cease-fire. These preconditions, which we have set forth, would allow a period of armed peace and great freedom. This period would create the conditions for a permanent cease-fire to take effect. If all of these conditions are not met, no one can ensure that the cease-fire will not be used to do greater harm, perhaps even return to war.

[Reporter] Commander Jonas, we know that the more fascist oriented groups of the armed forces and forces from the far right are planning to hinder the negotiations. What do you expect from the armed forces?

[Jonas] The FMLN knows that the army and the far rightists do not think that negotiations should be held. They want the war to continue for at least one more year because they think that during that year the FMLN will become politically weakened due to a gradual international shift away from the armed struggle. The armed forces are planning to launch a military offensive. In fact, they have already started marshalling their forces [words indistinct], have left Jucuaran, the coast, Tres Calles, and an area in San Miguel, all of them in the country's east, so that they are in a better position to muster four battalions in a small area on the Jucuapa-Chinameca mountain range, particularly an area known as Cerro Tigre. The army is concentrating forces on various FMLN fronts, attempting to recover territory, and trying to gain a military advantage. The saddest part of this situation is that the army has begun to kidnap several businessmen to collect money, more than 100 million colones, to finance this offensive. The far rightists have also been saying that they might accept small accords, but nothing serious that would lead to a permanent solution. They want to extend the war and undertake a military effort to corner the FMLN. By doing this, they could impose conditions, their so-called negotiated solutions, meaning that the FMLN would surrender during the negotiations. The FMLN thinks that the negotiations are tied to the country's democratization but the armed forces and the far rightists want to launch a military offensive and politically corner the FMLN in order to (?defeat) it at the negotiating table.

President Cristiani also bears mentioning. He wavers negotiating and maintaining the power bloc, which is the far-rightist group, of which he is a member. We have heard his speeches. He might take a somewhat more moderate stand, but he must make a decision. Either he maintains power and the recalcitrant stand of opposing the country's democratization or he creates a group of social forces, which would include the democratic opposition, the more extreme sectors, meaning the rightists, and the FMLN, that could bring peace to El Salvador. Unfortunately, we can say that the warmongering sectors have the upper hand in El Salvador and probably they will react violently. If this does not happen, and the pressure remains strong from the country's various political sectors, the Salvadoran people, the people's movement, and the FMLN, and if the international community shows awareness, and the far-rightist sector adopts a less extremist position, then the Salvadoran process would have reached its critical point and climax.

It is evident we have reached a climax in the Salvadoran conflict and it began the moment the negotiation process started in El Salvador. As I have said, this does not mean that the war has ended, and the reason it has not is because of the stubbornness of the far rightists and fascists.

Commentary on Negotiations, Cease-Fire, Armies

PA1505035491 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 13 May 91

[Unattributed commentary: "The Cease-Fire Will Be the Nation's Victory"]

[Text] The day the final cease-fire is achieved, the whole nation will have conquered an important and unprecedented victory over militarism. The country's democratic forces will have overcome many obstacles that will inevitably have to end in the total dismantling of the dictatorship that imposes itself on civilian society.

Despite the bravado in the hysterical statements by [President] Alfredo Cristiani and Defense and Public Security Minister General Rene Emilio Ponce, the Army's fate is on the negotiating table and subject to the power of civilian society's forces.

As long as the smallest repressive and unpunished branch of the dictatorship exists, the Farabundo Marti National Liberation Front will not lay down a single rifle until the aspirations for democracy and demilitarization are fulfilled. The Colombian experience will not be repeated in El Salvador or in the society which demands absolute guarantees to exercise its economic, social, and political rights.

Before the next negotiation meeting, the Arena [Nationalist Republican Alliance] government and its patrons and spokesmen must clearly understand the fact that unless both armies disappear or the two armies merge into a new army, the war will be intensified and extended. We choose the first option; that both armies disappear and that the country is completely demilitarized.

Before a cease-fire, the criminal and corrupt Army will have to be forcefully subjected to an in-depth purging and reform process as agreed upon in the Caracas Agenda.

Demilitarization has begun and, as Gen. Ponce has said, the Armed Forces will not disappear because of a stroke of a pen but because of the concentrated force of a people demanding democracy, justice, and peace.

Guatemala

EGP Members Surrender to Military Authorities

PA1405232691 Guatemala City SIGLO VEINTIUNO in Spanish 12 May 91 p 6

[Text] Members of a guerrilla squad from the Local Irregular Forces (FIL) of the Poor People's Guerrilla Army (EGP) have surrendered to the Army at the military detachment in Tecpan Guatemala, Chimaltenango.

The guerrillas were brought yesterday to the local police substation where they displayed war bulletins, propaganda, and military equipment used to carry out sabotage ordered by Commander Carlos, the person in charge of this and another squad operating in the region.

The guerrillas who surrendered at this military installation are: 16-year-old Adolfo Ramon Garcia (Andres), 21-year-old Napoleon Ajuchan Barreno (Carpio), and 21-year-old Felix Zapet Sansir (Lazaro).

"We agreed to surrender to the Army because after having been FIL members for one year we realized that the criminals (guerrillas) deceived us; they asked us to help them but virtually never helped us," said Napoleon Ajuchan Barreno. He added that the other two members of the squad, Obispo Ajqui (Avila) and Mauro Ajuchan (Carlos), reportedly surrendered to the Army yesterday.

Ajuchan added that after a c':scussion with my comrades on 10 May we decided to surrender to a military patrol that was combing our home town, Xecobil." [No opening quotation mark as published]

When questioned about their participation in the insurgent movement, the former guerrillas said they had been mainly involved in the distribution of propaganda; the placement of signs; and sabotage, especially against INDE [National Institute of Electrification] electrical towers.

"Last month, besides distributing propaganda we participated in sabotage against electrical towers in San Jose Poaquil and Xetzal," they added, after admitting that they were related to the 14 March fire at the Industria Forestal de Centro America, on km 89.5 of the Inter-American Highway. This company suffered losses estimated at 900,000 quetzales.

The former guerrillas showed the press a large amount of subversive propaganda, war bulletins of the URNG [Guatemalan National Revolutionary Unity], signs, two revolvers, a .30-caliber carbine, a Claymore mine, ammunition, and other war equipment that they had used against government forces. One of the signs, among other things, read: "As long as there is no democracy, justice, and peace for the people, we will continue struggling. Warning: All guerrillas will continue in the struggle. URNG."

The URNG war bulletins informed them of all meetings, clashes with the Army, and sabotage throughout the republic. In one of the reports the command urged squad members to establish a "permanent commision" to keep the human rights attorney general informed of the harassment and illegal actions committed by the security forces against local civilians.

"You must establish a commission and keep the attorney general informed about all developments. The commission must join the Committee of Peasant Unity (CUC) to acquire a legal front" one of the communiques, which contains other recommendations, states. It also advises them that FIL members are not authorized to participate in robberies and attacks.

The three former guerrillas were turned over to the local court, where Judge Jorge Mauro Alburez Duarte will decide whether to release or imprison them since there is no amnesty at this time.

Judge Alburez said that in the past three days, Army members have asked the court to issue search warrants for three local residences that are suspected of storing war materiel and propaganda. However, military authorities did not report to the court on the result of the searches.

Honduras

Two U.S. Soldiers Die in Helicopter Crash

PA1405230191 Paris AFP in Spanish 2214 GMT 14 May 91

[Text] Tegucigalpa (AFP)—Two U.S. soldiers died and a third one was reported missing last night when a U.S. Air Force UH-1H helicopter crashed against a mountain in Comayagua Department, approximately 100 km northwest of Tegucigalpa.

Army Arrests Two Implicated in Peasant Killings

PA1405122391 San Pedro Sula LA PRENSA in Spanish 13 May 91 p 12

[Text] Tegucigalpa—Two men who have been implicated in the killing of peasants in Arizona, Atlantida Department were captured by the Army on the Salvadoran border during the past weekend. This was reported in a brief report issued by the Public Security Force, FSP, yesterday.

According to the report, "troops of the 2d Infantry Battalion captured Benjamin Ayala Membreno and Asuncion Ayala Membreno, who have been implicated in a massacre carried out in the village of Agua Caliente in Arizona, Atlantida."

The note added that they were transferred to the regional office of the Department of National Investigation, DIN, in San Pedro Sula.

Five peasants were killed and six seriously wounded in an ambush carried out by a group of individuals, most of them wearing military uniforms.

Peasant Leader on Land Takeover Operations

PA1405181091 Tegucigalpa Cadena Audio Video in Spanish 1300 GMT 15 May 91

[Report by Omar Sail Mejia, from Olancho Department]

[Text] To protest the recent peasant massacre that took place in Arizona, Atlantida, the National Association of Honduran Peasants [Anach] began an operation to recover land today at 0200. The group's vice president said they will not stop until the persons reponsible for the massacre are punished. An Anach communique, which I was able to obtain as an exclusive, stated: The Anach's Olancho Department chapter hereby reports on the decisions made at the extraordinary meeting held Monday, 13 May. The decisions are as follows:

1. To conduct a land-aquisition operation all over Olancho Department, where peasant groups have been denied land, even though they filed requests several years ago to that effect at the National Agrarian Institute [INA]. To date, they have not been given any land.

2. The operation is to be carried out today, 14 May, starting at 0200 in the following municipalities: Santa Maria del Real, Dulce Nombre de Culmi, Juticalpa, and Catacamas. For that reason, we call on all peasants affiliated to Anach and to Conoch [National Council of Honduran Workers and Peasants] to be ready for any call that we may make.

Luis Humberto Banegas, Anach Olancho Department Chapter vice president, reports on the operation in this region.

[Begin recording] [Banegas] We want to inform the Olancho people, and the people in general, that in line with the decision made by Anach's Olancho chapter during the extroardinary meeting held yesterday, we agreed to take over land in four municipalities where we petitioned the INA for land more than 3 years ago. The INA has not begun the process to grant land to our fellow peasants. We have asked INA for those lands, but it has not taken any action in Dulce Nombre de Culmi and La Majada.

The peasants in Las Minas Village filed their requests more than 2 years ago, but INA turned down their requests, and [words indistinct] the lands the peasants are requesting. We are also taking over land in sectors of Catacamas. In San Pedro de Catacamas Village, we have the 30 October group [not further identified]. There, INA agreed to hand over land [words indistinct] but have not given it to the peasants. These peasants are pressuring and making demands on their leaders. We can no longer control them because they are desperate to have their land, since the first rains are here, and they want to plant basic grains.

We also have another peasant group in Santa Maria del Real where peasants are in control of some areas, although INA has not legalized their status. In Jutiquile, a group of peasant women asked INA for land. Last year, when (Oscar Vidal) was in charge, he ordered the burning of a 14-manzana area, and public security forces evicted the women. Since then, they have been petitioning the INA for immediate land in order to feed their large families. These women have to feed large families.

The operation is going to move gradually in other sectors too. I think it will continue this week. The operations will continue gradually throughout the week, because there are many landless groups.

[Reporter] How many manzanas will be taken over? Is this operation being done to protest the developments on the country's northern coast?

[Banegas] At a meeting in Olancho Department, we decided to protest the incidents in Arizona, where peasants who belonged to our group were killed over a piece of land. We cannot continue to tolerate the situation. The Olancho Chapter made this decision in solidarity. This is not the only operation, there will be others. I think all the groups in Olancho will join them. [Reporter] How many manzanas?

[Banegas] At the very least, we plan to take over 500 manzanas in this operation.

[Reporter] Is this operation going to happen in Olancho only?

[Banegas] I can tell you that this is a nationwide operation. Anach has agreed to carry it out.

[Reporter] Today's operation, is it only in Olancho?

[Banegas] We have no information from other regions of the country, but there are operations in Comayagua, Santa Barbara, and (?Portales). In southern Atlantida, where our fellow peasants were killed, the operations are continuing. Our fellow peasants were buried on those lands. Other fellow peasants will remain there, fighting for the same reason that the others died, that is, to earn a living. There are operations in Churrusquera. I think there will be an operation in Colon soon. These operations will continue until those responsible for the mass murder of the peasants are identified and punished by the courts. Those peasants were killed unjustly. They had no weapons when they were massacred. We want those responsible, starting with Colonel Leonel Galindo, who masterminded the murders, to be punished. That is what we are asking the president and the chief of the Honduran Armed Forces. [end recording]

Nicaragua

More on Cardinal's Denial of Sandinist Coup Plot

PA1405235891 Managua LA PRENSA in Spanish 13 May 91 pp 1, 12

[Text] Cardinal Miguel Obando y Bravo told LA PRENSA today that the Sandinists "have very smart politicians" and this is why he does not think they are plotting to overthrow the government of Violeta Chamorro for the time being.

"They will not do so because, if they do, they would not have the support of friendly countries," the church official said. He added that his remarks—published by EL SEMANARIO, a Sandinist publication whose director is Sergio Ramirez and which was quoted by LA PRENSA on Saturday—were extemporaneous.

The cardinal said he is concerned about the reports of unpunished crimes and requested an intensification of the government's effort to prevent the impunity of criminals. Obando underlined his call to work for the establishment of a de jure state in Nicaragua and pointed to strikes and takeovers of mayorships as symptoms that might lead to violence.

He said that "an understanding" has occurred between Chamorro's government and the Sandinists and that the Sandinists possess a considerable quota of power. "I have said that whoever wields a rifle and a machine gun can make his power felt."

His Eminence said he appreciates and "holds President Chamorro in high regard." He pointed out, however, that "there is an understanding" between those who assist the president and the Sandinists. Asked whether or not this understanding is good for the people, the cardinal said that "the government should conduct an opinion poll to find out."

"I think a great majority of the people are dissatisfied." He pointed his finger to joblessness as greatly responsible for this situation and urged the government to make an effort to create new jobs. "Many people do not have jobs and are desperate," he added.

He also regarded as very serious the problem of land ownership in Nicaragua and said the matter is a "hot potato" for the Chamorro government. He said the government should compensate those who have lost small properties, if at all possible. As for the large estates, the government should act with maturity and wisdom, ruling if the land propietorship is unfair and if it is proper to return it to its rightful owner.

The cardinal said that, if he could, he would advise as a spiritual pastor the four people who bear the most responsibility in the country's leadership. "I would advise Antonio Lacayo" and would ask him "to make an effort to establish a state of law in the country, not to forsake the poor, and to avoid social unrest."

He would also advise General Humberto Ortega. I would tell him that the Sandinist National Liberation Front should work in a positive opposition, trying to cast confusion and the extreme poverty away from Nicaragua. The cardinal would also advise Alfredo Cesar, president of the National Assembly, "to try to pass fair legislation for the good of all."

Of course, "I would advise President Chamorro and encourage her to keep working for a genuine reconciliation based on justice."

In addition, Cardinal Obando pointed out in his Sunday homily the importance of evangelization for the formation of a different society. He reported a scarcity of priests, each of which must attend to as many as 50,000 parishioners.

The cardinal showed concern over the large number of people who come to the church looking for a job. He urged the faithful to pray for the creation of more jobs in the country so more people can bring the daily bread to more Nicaraguan families.

"Let God bless us and assist our governors so they can create more jobs and so the Nicaraguan people can tackle the daily problem of living," he said.

Arms From Honduras Not Going to Former Contras

PA1405171891 Managua Radio Nicaragua Network in Spanish 1340 GMT 13 May 91

[Text] Lieutenant Colonel Rodrigo Gonzalez, chief of our country's Army troops based in San Jose de Bocay, Jinotega Department, said on 12 May that some 60 men, former members of the Nicaraguan Resistance [RN], have rearmed themselves and are involved in thefts and hold ups. Gonzalez ruled out the possibility that they are being rearmed from Honduras, as some Sandinist media have reported.

Until now, the EPS [Sandinist People's Army] troops have not clashed with groups of former contras, but they are going after cattle rustlers, in which the group of former contras are involved. Gonzalez said the 60 rearmed individuals are an exception to the lives led by thousands of former RN members, who have been returning to civilian life since June 1990.

Assembly President on Contras, German Aid

PA1405202491 Hamburg DPA in Spanish 1425 GMT 13 May 91

[Text] Berlin, 13 May (DPA)—Alfredo Cesar, president of the Nicaraguan National Assembly, said here today that some of the "contras," who have rearmed themselves in the northern part of the country, are "impatient" and ready to exert "pressure" on the government of President Violeta Chamorro since it has not kept its promise to give them land and resources.

Cesar, a the former resistance leader who opposed the Sandinist Government and who is now secretary general of the Nicaraguan Social Democratic Party [PSD] heads a Nicaraguan parliamentary delegation which began a four-day working visit to Germany today.

In statements to the German news agency DPA, Cesar said the current situation in Nicaragua "is largely devoted to consolidating peace."

"This requires that the demobilized members of the Nicaraguan Resistance obtain land and economic resources to work the land," he said. "They will not rejoin civilian life if they do not have the means to

maintain their families and to produce. Although the demands of three-fourths of the 20,000 demobilized have been met, there are still one-fourth, some 5,000 persons, who have not received land and who are impatient," he added.

Alfredo Cesar said that "at least 100,000 weapons, including automatic rifles, machineguns, and grenades, are in the hands of civilians in Nicaragua. The situation is such that peace must continue to be consolidated," he said.

The National Assembly president traveled to Berlin accompanied by Reinaldo Antonio Tefel, second vice president of the Assembly and member of the Sandinist National Liberation Front (FSLN); Humberto Guzman, president of the Economic Affairs Committee (Christian Democratic Party); and Rodolfo Mejia Ubilla, of the Justice Committee (Liberal Party).

The objective of the visit "is to learn about the privatization process" in former East Germany and "to follow up on the aid Nicaragua is scheduled to receive from Germany to renegotiate its debt and to obtain needed resources." Cesar stated.

The 300 men who have rearmed in northern Nicaragua are "part of 5,000 persons who are very impatiently pressuring the government, from a somewhat more belligerent position, to fulfill what it promised." They have explained that they have no desire to start the war again or anything like that," Alfredo Cesar explained.

"They are pressure groups seeking to ensure they get the promised land and financing. It is a group of 300 persons [as received] of all sorts, they are not even former "contras;" but there are also demobilized soldiers and former militiamen. It is a heterogenous group without any known leadership," the Assembly president stated.

"All the leaders, former resistance commanders, are engaged in the peace process, helping to talk to these groups to explain the difficulties the government has encountered in getting them the land promised. We want to tell them we are advancing and they must have a little patience."

The PSD secretary general said his party "supports the government" of President Violeta Chamorro. "My party supports it without any terms or conditions, period," Cesar said when asked if he fully supported the government's efforts.

The recent alleged attack on the life of President Chamorro "was an act of irresponsibility on the part of two persons who were under the influence of alcohol," Cesar explained. The individuals who fired the shots did not even know the president was inside the hotel. The action was caused by "the refusal to let them into the hotel in view of their drunken state." The individuals left and returned to the hotel after "getting hold of a rifle," of which there are "still too many in the hands of civilians in Nicaragua," the assembly president explained.

After President Violeta Chamorro's visit to Washington, "diplomatic and commercial relations witih the United States are totally normal," Cesar noted. "Furthermore we are receiving the flow of necessary economic aid. Undoubtedly, President Chamorro's state visit has been a decisive factor in expediting the aid that was not arriving with the necessary haste.

Nicaragua has just received $135 million, which "is mostly being used for the economic stabilization program. Of the $540 million approved by the U.S. Congress, over $400 million have been disbursed. The new aid is scheduled for the coming year and our government has asked that it be maintained at a pace of $200 million annually, which has been received well in Washington."

Regarding German aid, Cesar hopes to learn the new amount of German aid for the development of Nicaragua on 15 May when he talks with the German economic cooperation minister. Germany will also take part in the talks to be held in Paris on 16 May to obtain resources that will permit payment of the $350 million debt contracted by Nicaragua. The debt payment will provide an opening for new sources of credit.

Lacayo, Ramirez Leave for Donors Conference

PA1505041991 Managua Radio Corporacion in Spanish 2300 GMT 14 May 91

[Text] Presidency Minister Antonio Lacayo left for Paris at noon today to attend the Donor Nations Conference, which the Nicaraguan Government considers very important. Sergio Ramirez Mercado, head of the Sandinist wing in the National Assembly, accompanied Lacayo as a show of support from the minority party.

Antonio Lacayo will report in Paris on the stabilization program recently undertaken by Nicaragua, as well as the privatization program of some 300 state-run companies. [Words indistinct] the presentation will also include reports on the approval of laws on privatization, the opening for private banking, and the law on foreign investment. Nicaragua is interested in obtaining a $350 million loan to cancel overdue payments owed to the international community.

The donor nations' representatives and President Violeta Chamorro's economic cabinet held a meeting several days ago in Managua.

Panama

First Lady Says Endara's Health 'Not Good'

PA1505020191 Panama City TVN Television Network in Spanish 0000 GMT 15 May 91

[Text] President Guillermo Endara's wife, Mrs. Ana Mae Diaz de Endara, today stated her concern about the president's health.

[Begin Endara recording] The president is all right today, but yesterday when he arrived he was listless. He felt bad, and his blood pressure was very high. I had to give him a pill, and I had to cancel an appointment I had so

I could look after him. He also had....[changes thought] I also had to give him some pills to relax. He felt bad; his blood pressure was high—not to mention the fact that he is overweight. We are trying to make him lose weight. His health is not good. [end recording]

Referring to what occurred to the president of the Republic yesterday in Divisa, the first lady said:

[Begin Endara recording] What did they want? Did they want him to raise beef prices? That is what they wanted to hear the president say, but the president spoke clearly. He said he would defend the cattlemen, but he would also defend the consumers, who are still more important than the cattlemen. How many cattlemen are there in the country? How many Panamanians? We are 2 million Panamanians. Two million Panamanians who have to eat beef and like to eat beef. [end recording]

Minister on State Employees Training in Taiwan

PA1405151691 Panama City LA PRENSA in Spanish 13 May 91 p 32-A

[Report by Vilma E. Figueroa B.]

[Text] Government and Justice Minister Juan Chevalier believes that to allow government employees to receive training at foreign military bases would be equal to "once again establishing a G-2" and that is what President Guillermo Endara fears.

Although Chevalier said that he does not know which employees are taking military courses abroad, he said that he has already ordered them to immediately return to Panama.

On the afternoon of 10 May, President Endara sent a message to the government minister telling him that he had received proof that ministry employees are receiving military training abroad.

Chevalier explained that he received the message on the afternoon of 10 May, and has thus not had an opportunity to review the list. He has asked, however, the appropriate authorities to inform him of who is abroad and what courses they are taking because it is not permissible for them to take courses at military bases. This, he said, is equal to "once again establishing a G-2, which is what has President Endara worried."

Chevalier said that all he knows is that two employees are in Taiwan, and that they have been ordered to return as quickly as possible because they are taking a political intelligence course at a military base, which is ill-advised for a government that is involved in a demilitarization process.

Weapons Purchasing Firm Under Investigation

PA1405152191 Panama City EL PANAMA AMERICA in Spanish 12 May 91 p 1a

[Report by Juan Pritsiolas]

[Text] Panamanian authorities have begun to investigate Spear Head Corporation, a company that, according to U.S. congressmen, was used to purchase weapons with Panamanian funds, funds that the United States had frozen. Later, these weapons turned up in the hands of the Medellin Cartel.

An initial check revealed that the company's charter was signed on 23 November 1988 by Panamanian Rodrigo Riera Clavel and Yair Gal, an alleged Pakistani citizen who is believed to be Yair Klein, an Israeli colonel who is a target of the U.S. Congress investigation.

The firm was created with capital of $10,000 and was to allegedly engage in home protection and the sale of alarms.

Other members of the Spear Head board of directors include Dror E. Yal, Rene Moreira Pena, and Agustin Alvarez.

An official responsible for the investigation also noted that there are plans to ask the Comptroller's Office for the report that former President Eric Arturo Delvalle submitted on how he spent the $10.7 million the U.S. Government gave him.

This official told EL PANAMA AMERICA: We urgently need to investigate this situation because "that scandal can explode at any minute" at the [U.S.] Congress.

The beneficiaries of checks drawn from the $10.7 million include military officers, former legislators, former diplomats, and even officials of the current government.

Argentina

Menem on U.S. Wheat, Armed Forces Salaries

PY1405171691 Buenos Aires TELAM in Spanish 1330 GMT 14 May 91

[Text] Buenos Aires, 14 May (TELAM)—President Carlos Menem has stressed that the situation involving the U.S. offer to sell subsidized wheat to Brazil will "in no way" affect relations between Argentina and the United States, and he emphasized that the country will in the end be able to sell its products "at a good price."

In further remarks to Radio El Mundo, the chief of state said that "the Armed Forces cannot discuss salaries because they are an institution that has absolutely nothing to do with union questions," because their salaries are set by the executive branch." [quotation marks as received]

Menem stressed that discipline in the Armed Forces "is strict, at least during this government. The commanders have a directive in this respect." He added: "Salaries are low at this time in the Armed Forces, but they are also low in all sectors of the community. If it is a question of sacrifice, then it is the Armed Forces which have the great obligation to make sacrifices to benefit the country."

Cavallo Confirms Return to Peso for Currency

PY1405232091 Buenos Aires BUENOS AIRES HERALD in English 14 May 91 p 1

[Excerpts] (DYN-NA)—A currency change from the austral back to the peso was confirmed yesterday by Economy Minister Domingo Cavallo.

The peso will be legal tender once again "within four or six months," the Central Bank said, although it isn't yet clear if this will be before or after the October 27 elections.

Four zeros will be subtracted from the austral to achieve one peso/one dollar parity, in contrast to today's 10,000 australs to the dollar "convertibility" rate. [passage omitted]

Cavallo yesterday admitted that the Central Bank "is working on the design" for the new peso bills but peevishly chided reporters who accosted him at Government House for confirmation of the reports: "Don't waste your time and don't make me waste mine ... on an irrelevant issue ... it's very sad because the country has more serious problems to deal with," he said.

Parties Hold Primary Elections in Provinces

PY1405233491 Buenos Aires BUENOS AIRES HERALD in English 14 May 91 p 11

[Text] (NA-DYN)—The main political parties held primaries in three provinces yesterday to choose candidates for this year's national elections. The Justicialists voted in Rio Negro and Santa Cruz, while the Radicals held polls in San Juan.

Although none of the results was surprising, the Santa Cruz outcome was especially predictable. Given the absence of any other list, Arturo Puricelli, head of the provincial Justicialist Council, was endorsed by his party to run for governor. Some 35 percent of card-carrying party members cast their ballots, with Francisco Toto winning the first place in the list of candidates for the Lower House.

In Rio Negro, Justicialist Deputy Carlos Soria won the chance to fight for re-election by a large margin, with his list defeating its rivals in almost all provincial districts. In the Capital, Viedma, Soria's group lost to that of Viedma Mayor Omar Tapia who is up for re-election.

As for the Radicals, San Juan saw the victory of the Renewal and Change list, which supports the internal line of ex-President Raul Alfonsin. The Radical gubernatorial ticket will thus be Carlos Quevedo Mendoza-Delia Papanno, while Juan Marcado will be the first name in the list of candidates for deputy.

Finally, the Santa Fe Electoral Court recognized seven parties for the coming elections, but as the province has a combined primary system (lemas law), there are 28 candidates for gubernatorial office.

The Justicialist Party presented 18 internal lines each with a candidate for governor; the Radical Party and the Democratic Centre Union (UCeDe) presented three lines and Development Movement, the Progressive Democrat Party and the Communists presented one line each. Three of the Peronist factions have not yet chosen their candidate for governor.

Bolivia

President Decrees To Modernize Judicial Branch

PY1005174491 La Paz Television Boliviana Network in Spanish 1700 GMT 9 May 91

[Text] The government has approved a decree creating an organization that will modernize the judicial branch. In a ceremony held this morning, President Jaime Paz Zamora signed the decree which was read by Minister of the Presidency Gustavo Fernandez Saavedra:

[Begin recording] [Fernandez Saavedra] The council of ministers has decreed:

Article 1. The National Council for the Modernization and Reform of the judicial branch is hereby created. It will be chaired by the vice president of the Republic and will comprise two representatives of the executive branch and the attorney general of the Republic.

In exercise of their constitutional powers, and following their rules and legal procedures, the legislative and judicial branches may also have representatives accredited to the council.

The council will be installed as soon as the judicial and legislative branches accredit their representatives. It will be headquartered in La Paz to the conclusion of its task.

Article 2. The National Council for the Modernization and Reform of the judicial branch will propose the changes it deems necessary to improve the structure and functions of the judicial branch.

Article 3. The Council will present, by 30 June 1991, a bill to reform the judicial branch organization law, and a bill on the Attorney General's office.

[Paz Zamora] I want to express my satisfaction over the signing of this decree which was just promulgated. All Bolivians are aware of the need to reform, modernize, and perfect our judicial system.

This need is felt most by the poorest Bolivians, by the Bolivians who have the fewest resources, and by the Bolivians who have no protection whatsoever. This decree is a response to the clamor of the overwhelming majority of the citizens who have to bear a judicial system which is not necessarily at their daily service. On 11 January 1990, when I presented to the country our government program and action, I noted that one of the essential objectives was to have the executive branch cooperate in the task of reforming, modernizing, and perfecting the judicial system.

Later, on 26 February, in response to concerns expressed by other institutional sectors of our country, I met with the president of the Congress and with the presidents of the Senate and of the Chamber of Deputies. At that meeting I stressed the need to make joint efforts by all state branches to implement the constitutional provision and to coordinate the actions of the branches that are at the service of the Nation. I stressed the need for a joint action to face this task of modernizing, reforming, and perfecting the Bolivian judicial system.

This decree is also the result of previous actions, like the agreement of the political parties which are represented in Congress, which was signed on 5 February, and the concerns expressed by all other parties of the Bolivian democratic system over the need to modernize and reform our judicial system. I signed this decree in compliance with the constitutional provision that states that the executive branch must participate in the preparation and organization of the laws of the Republic. [end recording]

Planning Minister Views U.S. Visit Results

PY1405033891 La Paz Television Boliviana Network in Spanish 1700 GMT 13 May 91

[Statement by Planning and Coordination Minister Enrique Garcia to unidentified reporters "after visiting the United States;" date and place not given—recorded]

[Text] The primary objective of the visit was to try to present an image of Bolivia to major U.S. opinion centers at the intellectual and congressional levels; to journalists, who shape public opinion; and to sectors that are influential in the field of private investment; that is, business groups. That was our objective.

During our stay, we fulfilled that mission by visiting, first, major think tanks such as the Brookings Institute, the Inter-American Dialogue, and the Washington Exchange [names of preceding three U.S. organizations in English], which are three centers that work with prestigious intellectuals in the area of politics and economy and which have a major influence on the shaping of opinion in Washington.

With Finance Minister David Blanco, we participated in a seminar along with a group of personalities, who belong—I would say—to the intellectual and academic world. At the seminar we explained the government's policies and we listened to their opinions.

Summing up, the conclusion that we arrived at is the same as the one that was reached at Harvard University one month ago; namely, Bolivia is moving along the right path with great courage and determination and it is doing it within a democratic system that has been in force for the past two administrations.

I believe this is an extremely positive factor.

The second objective of our visit had to do with the international agencies. We held talks with the World Bank and the Inter-American Development Bank in order to emphasize two points: First, the fact that those institutions should support the Bolivian effort with soft loans with long repayment periods and low interest rates because these funds are essentially used for investment in the public sector and, second, the priority targets in this sector are oriented toward development of the basic infrastructure and toward human rights; that is, toward health, education, and nutrition. In fact, our government policy clearly establishes that the production sectors must be in private sector hands.

Armed Forces Not To Act Against Coca Farmers

PY1405183191 La Paz Radio Fides Network in Spanish 1100 GMT 14 May 91

[Text] Interior Minister Carlos Saavedra Bruno has pointed out that President Jaime Paz Zamora has already given his word that military personnel will not enter the coca producing zones or carry out outrages on the coca peasants and producers.

[Begin Saavedra recording] The Armed Forces will not act against the farmers producing coca leaves. This has been confirmed by the president on many occasions.

The struggle is against the drug traffickers and not against the coca leaf producers. [end recording]

FELCN Confirms Presence of Colombian Groups

PY1105034691 La Paz PRESENCIA in Spanish 30 Apr 91 p 7

[All personal names as published]

[Text] General Elias Gutierrez, commander of the Special Antinarcotics Force (FELCN), has said that recent FELCN operations have confirmed the presence of Colombian drug traffickers in the country. The "Topacio" operation conducted on 25 April 1991 in Trinidad will help uncover connections to an international drug trafficking ring, the general said.

The arrest of Number Tobon Ortegoza, who is considered an important contact for the Colombian drug traffickers in the country, will be a key element in uncovering the connections among the drug trafficking rings in the country. "This operation provided us with new clues to be used in conducting other operations against several drug trafficking rings," he said.

The "Topacio" operation resulted in the seizure of an airplane, $300,000 in cash, weapons, and Colombian money.

On the same day antidrug forces found a bag with 11.5 kg of cocaine hydrochloride distributed in 13 packages at El Alto Airport in La Paz. The bag was taken to the customs administration office where the drug was discovered.

Another operation took place on 28 April in Angostura, 60 km from Santa Cruz. Gualberto Sanchez Rojas and Leoncio Ayala Fianca were arrested with 60 kg of basic cocaine sulfate which was to be taken to Santa Cruz.

The FELCN commander reported that 71.9 kg of drugs seized in La Paz over the past four months were incinerated today as part of the organization's regular activities. The last drug incineration took place on 18 December 1990.

Farmers March Against Militarizing Drug Fight

PY1405215691 La Paz Radio Fides Network in Spanish 1100 GMT 14 May 91

[Report by Antonio Ferrufino from Cochabamba]

[Excerpt] Coca peasants from Cochabamba's tropical zone yesterday afternoon staged a protest and repudiation march against the government's plans to militarize the struggle against drug trafficking.

The march was called by leaders of the Special Federation of Peasant Workers of the Cochabamba Tropics [FETCTC]. It received an excellent response from the FETCTC rank and file, which had mobilized to block the department's roads, a measure that was postponed by the General Trade Union Confederation of Peasant Workers of Bolivia until the rank and file approves or rejects the agreement signed last weekend in which the government pledges to solve the coca producers' problems.

The peasants marched through several city streets until they reached the 14 de Setiembre main square where several speakers criticized the government's decision and demanded concrete solutions for the peasant sector based on nonmilitarization and the promotion of true alternative development in the zone.

A representative of the coca producers asked the U.S. Government to eradicate the hunger and misery of local peasants instead of eradicating coca crops. [passage omitted]

PRC Company Bids To Construct Steel Plant

PY1405173491 La Paz Radio Fides Network in Spanish 1100 GMT 14 May 91

[Report by Nataniel Alvarez from Radio Santa Cruz]

[Excerpt] This week the promotion department directorate headed by the mining and metallurgy minister must decide what to do with a Bolivian iron and steel plant project in view of the fact that the deadline for international bids is 31 May.

Engineer Walter Chavez has informed the "La Hora del Pais" program that the (Shogan) Company from the PRC is the only group to have presented a serious proposal to construct the Mutun iron and steel plant. [passage omitted]

Brazil

Foreign Ministry Denies New U.S. Agreement

PY1405185191 Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 May 91 p 1-8

[Report by Roberto Lopes]

[Excerpt] The Foreign Ministry and the Secretariat of Strategic Affairs (SAE) have assured the Navy and the Army that President Collor has no intention of signing any agreement with the U.S. Government that would lead to the reissue of the Brazil-U.S. military agreement.

The issue was raised by the Brazilian Association of Defense Materiel [Abimde]. The Abimde suspects that the agreement on "the exchange of military know-how" that is scheduled to be signed by Collor in the United States in June is a preliminary step to the reactivation of the military agreement. From 1952 to 1977, this agreement harnessed the Brazilian military to U.S. strategy and inhibited the development of the Brazilian material industry.

At the end of April, Foreign Minister Francisco Rezek said the agreement "is unavoidable", but this week Foreign Ministry Secretary General Marcos Azambuja assured Navy Minister Mario Flores that Brazilian diplomacy is not considering the issue.

Rezek has already scared the military twice: Once in February when he said that if the U.S. Government "interferes" with the Brazilian nuclear submarine project, the Navy will have to discontinue it, and on 2

May, when a Navy reserve officer wanted to know Flores' opinion on this statement.

The Navy minister did not seem to grant importance to this statement. He said: "Whenever I phone him (Rezek), he always gives me a thousand excuses." This week an Army general, who was assured by the SAE that the presidency is not considering the agreement, was cautious. "There is a lot of talk about this issue and where there is smoke, there is fire." [passage omitted]

Minister Denies Return to 'Open Market'

PY1405203191 Rio de Janeiro O GLOBO in Portuguese 13 May 91 p 14

[Text] Brasilia—Economy Minister Marcilio Marques Moreira yesterday said that the government cannot entertain the requests of the bankers to reintroduce the open market [preceding two words in English] or the overnight [preceding word in English] market. He said that the new economic team will not make great changes, adding that his attention will center on continuing former Minister Zelia Cardoso de Mello's fiscal and monetary policies.

"The bankers may be requesting a return to the overnight market but we cannot agree. We are not able to change policies that have not been thoroughly tested yet," Marcilio Marques said during an interview granted to Globo Television.

Regarding price policies, Marques said that he intends to maintain the system by which sectorial price chambers determine prices. The end of the freeze, he warned, will be controlled and "very well thought out." Those who have marked up their prices in the past few days will be punished according to the law.

The negotiation of the foreign debt will not change much either. Ambassador Jorio Dauster, the official foreign debt negotiator, will remain in his post by decision of the economy minister, who has sent the following message to our creditors:

"Do not expect more flexibility, merely a more pragmatic approach perhaps."

Those who associate him with the international financial sector are reminded of his background in the public and private sectors. He points out that he began his career at the Foreign Ministry. He then moved to the now-defunct Finance Ministry, then to the BNDES [National Bank for Economic and Social Development], and then to the Rio de Janeiro Governmental Progress Company where he stayed six years. He then returned to the private sector. He was an Unibanco [Uniao Bancos Brasileiros S.A.] executive for 18 years before returning to the diplomatic field.

"That gave me good diverse experience which cannot be boiled down to just this or that point."

Government Unable To Appoint Economic Team

PY1405222091 Madrid EFE in English 2031 GMT 14 May 91

[Report by Rafael Candanedo]

[Text] Brasilia, May 14 (EFE)—Almost a week after the resignation of Brazil's former economy minister, Zelia Cardoso de Mello, the government has still not managed to form a complete team to replace her advisers, and the delay is causing wobbles in the economy Cardoso fought so hard to control.

The 14-month-old government of President Fernando Collor de Mello has still not filled the posts of all the dozens of high-ranking economy officials who resigned in sympathy with Cardoso. And federal police chief Romeo Tuma said that since her resignation last Wednesday [8 May], food prices and construction costs have risen 20 per cent, despite a price freeze imposed in February which Cardoso's successor has pledged to maintain.

Last Friday, Collor swore in his ambassador to the United States, Marcilio Marques Moreira, as Cardoso's replacement. Joao Santana took over the post of infrastructure minister from Cardoso ally Eduardo Teixeira who resigned after holding the portfolio for only six weeks.

But another Cardoso supporter, Ibrahim Eris, who resigned as governor of the Central Bank, has not yet been formally replaced. On Tuesday, the Senate's Economic Affairs Commission started to debate Moreira's nomination of banker Francisco Gros for the post and his appointment is expected to be announced within a few days. Gros previously held the job for 11 weeks in 1987.

The governorship of the Bank of Brazil also remains empty and the administration must find replacements for the more than 40 high-ranking government officials who stepped down from their posts in support of Cardoso.

Three highly-respected Brazilian economists have reportedly turned down offers of jobs in the government's economic team. Professors Winston Fritsch and Edmar Bacha from Rio de Janeiro's Catholic University said no to offers, as did Pedro Malan, Brazil's director at the Inter-American Development Bank.

Meanwhile, the market is responding to the uncertainty by bumping up prices in violation of the freeze. "The sheriff is away and the jail is open," said Sao Paulo industry boss Roberto Nicolau Jeha.

Moreira warned Monday that the price freeze would remain in place, along with a wage freeze and other tough stabilization measures adopted in the 14 months that Cardoso was in office.

Some business leaders justified the price rises which police have been finding in shops and restaurants in the major cities during the last week.

Mario Amato, president of the State of Sao Paulo Industry Federation (FIESP), a powerful regional manufacturers' association, said Tuesday that businesses had to raise prices to compensate for big losses caused by the freeze. The FIESP chief said he favored a gradual end to the freeze, which kept monthly inflation in April to seven per cent, down from 20 per cent in February.

Brazilian Chamber of Deputies President Ibsen Pinheiro predicted that the hiatus in the nomination of the government's new economic team would delay the approval of the so-called National Reconstruction Project, a package of laws proposed by Collor last month, aimed at reducing the role of the state in the economy.

Economy Ministry Supply, Prices Director Resigns

PY1405182391 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 14 May 91

[Text] Ricardo Mesquita, director of the Supply and Price Department, has submitted his resignation. He told Economy Minister Marcilio Marques Moreira that he is resigning for private reasons.

Pinochet Meets East Region Military Commander

PY1505015291 Rio de Janeiro O GLOBO in Portuguese 14 May 91 p 11

[Text] General Augusto Pinochet visited yesterday morning with General Angelo Barata Filho, commander of the East Military Region. Pinochet reported that during a 30-minute courtesy visit they talked about military agreements between Chile and Brazil. The East Region Military Command is the first military unit to be visited by the former Chilean president since he arrived in Brazil on the night of 10 May.

Pinochet, who arrived at the military region command at about 1030, dismissed newsmen's questions about a possible weapons transaction between Brazil and Chile. A member of Pinochet's retinue confirmed that the general will tour several countries to discuss military matters. One of those countries is South Africa, where Pinochet will go this week to visit military industries.

Departs for Portugal

PY1405234491 Madrid EFE in English 2139 GMT 14 May 91

[Text] Rio de Janeiro, May 14 (EFE)—The former Chilean dictator and present Army chief, Gen. Augusto Pinochet, Tuesday [14 May] left Brazil on an airliner bound for Portugal, maintaining uncertainty about the itinerary of his current tour apparently to avoid public protests.

Pinochet left his luxury hotel on Rio's Ipanema beach and traveled to Galeao airport, where he boarded a Transportes Aereos Portugueses airliner bound for Portugal. He was accompanied by his wife, Lucia Hiriart, and three Chilean Army officers.

He arrived Friday in Brazil, the first leg of an international tour whose itinerary has been kept secret.

Earlier Tuesday, the South African Communist Party called for demonstrations to protest Pinochet's reported plan to visit South Africa.

Pinochet took power in a bloody 1973 coup, ruling until last year, when he handed over power to elected President Patricio Aylwin, but he has maintained his post of Army chief.

His advisers had told reporters that the next leg of the 23-day foreign tour would be South Africa. According to Chilean press reports, the ex-dictator is also expected to visit China, Japan, Britain, Switzerland, France, and possibly Iran. He is expected to meet with military officials and arms manufacturers to seek equipment for the Army.

Special Presidential Security Guard Created

PY1405183591 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 14 May 91

[Text] President Fernando Collor has created a special police force to strengthen the security of the presidency of the Republic. A company of the independent military police will be subordinated to the Federal District's Military Police commander. The new force was created at the suggestion of Brasilia Governor Joaquin Roriz.

Ministry To Help Police Identify Arms Dealers

PY1405181991 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 14 May 91

[Text] The Foreign Ministry will help the Federal Police identify groups of Brazilian citizens smuggling arms from the United States to Brazil. This was announced by Federal Police Director Romeu Tuma.

The Foreign Ministry intervention was decided on after the Brazilian consulate in Miami discovered that 100 Brazilian citizens had traveled to the United States with the sole purpose of purchasing arms and ammunition.

* Survey on Closest Collor Advisers, Influence

91SM0285A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Apr 91 p 4

[Article by Ricardo Amaral: "Agenor Is Champion of Meetings With Collor"; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] A survey shows that the president spends more time with advisers than with politicians and ministers.

Brasilia—A small group of six individuals is the focus of President Fernando Collor's attention in Planalto Palace. The Adjutant's Office of Planalto Palace has conducted a detailed survey of Collor's activities during his first year in office. It shows that the president devoted 1,627 (31.8 percent) of his 2,515 meetings

during that period to his direct advisers. The survey is the best indicator of the influence that Collor's advisers have on the administration.

Arranged in order, the people closest to Collor are General Agenor Homem de Carvalho, chief of the Military Household; Ambassador Marcos Coimbra, secretary general of the Office of the President; Pedro Paulo Leone Ramos, secretary of strategic affairs; spokesman Claudio Humberto Rosa e Silva; general counsel Celio Silva; and Claudio Vieira, chief of the Personal Household. "This is an administration turned in on itself" is the criticism from the chairman of the PMDB [Brazilian Democratic Movement Party], Orestes Quercia, who always complained of having insufficient access to Brasilia when he was governor of Sao Paulo. He says: "Collor is too formal; he does not have good contact with the politicians."

The politicians form the second-largest group, however, in terms of the number of interviews granted by the president: 24.7 percent (1,266) of the total were held with deputies and senators, and 2.7 percent (140 meetings) were held with governors and governors-elect, with the same number being held with mayors. "The politicians cannot complain that the president will not meet with them," says Claudio Humberto, pointing out that when Collor's 113 meetings with his ministers of justice (Bernardo Cabral and Jarbas Passarinho) are added in, the number of meetings on "political matters" rises to 32.4 percent of the total. "Anyone who has Claudio Humberto as his spokesman does not need to communicate with the country" is the ironic comment by the PMDB leader in the Chamber of Deputies, Genebaldo Correia (Bahia). "In his first year, the president has been concerned with straightening up the house," explains the government leader, Humberto Souto (PFL [Liberal Front Party], Minas Gerais).

Collor held 731 meetings (14.3 percent) with the 12 state ministers, who were therefore outdone not only by the palace advisers and the politicians but also by a group described in the survey as "other," with which there were 1,219 meetings (23.8 percent). "Other" includes people ranging from former soccer player Pele to secretaries Joao Santana (administration) and Jose Goldemberg (science and technology) and including businessmen and representatives of foreign governments. In the ranking of ministers, the record is held by Zelia Cardoso de Mello (minister of economy), whose talks with the president added up to 156 hours and 10 minutes in 120 meetings.

The two ministers of justice spent a combined total of 121 hours and 55 minutes in 113 meetings. Zelia, Cabral, and Passarinho combined do not equal the hours racked up by General Agenor (354 hours and 31 minutes in 483 meetings) or Ambassador Marcos Coimbra (302 hours and 1 minute in 433 meetings). The other ministers follow at a great distance. Ozires Silva, who was minister of infrastructure until last month, ranked third by spending 101 hours and 45 minutes with Collor. Behind him is Antonio Rogerio Magri (Labor and Social Welfare), who before the crisis in social welfare had talked to the president for 56 hours and 53 minutes during 58 meetings. Those doing the least talking are the military ministers. Mario Flores (Navy) was with the president only 27 times for a total of 44 hours and 2 minutes.

Presidential Meetings With Various Groups

Group	Percent*
President's advisers	31.8
Deputies, senators	24.7
Ministers	14.3
Governors	2.7
Mayors	2.7
Other	23.8

* Percentage of the total time spent in meetings

Advisers have priority: President Fernando Collor holds more meetings with his advisers than he does with politicians.

Presidential Meetings with Advisers

Name	Position or Ministry	Percent*
Agenor Homem de Carvalho	Chief of Military Household	29.7
Marcos Coimbra	Secretary General of the Office of the President	26.5
Pedro Paulo Leone Ramos	Secretary of Strategic Affairs	13.4
Claudio Humberto Rosa e Silva	Press Secretary	11.1
Celio Silva	General Counsel of the Republic	9.8
Claudio Vieira	Chief of the Personal Household	9.5

* Percentage of the total time spent in meetings.

Meetings with Ministers

Name	Position or Ministry	Percent*
Zelia Cardoso de Mello	Economy	16.4
Jarbas Passarinho	Justice	15.5
Ozires Silva/Eduardo Teixeira	Infrastructure	10.7
Antonio Rogerio Magri	Labor	7.9
Alceni Guerra	Health	7.8
Margarida Procopio	Social Action	7.5
Carlos Chiarelli	Education	7.4
Carlos Tinoco Ribeiro Gomes	Army	7.0
Antonio Cabrera	Agriculture	5.9
Francisco Rezek	Foreign Affairs	5.7
Socrates da Costa Monteiro	Aeronautics	4.5
Mario Cesar Flores	Navy	3.7

* Percentage of the total time spent in meetings.

General Behaves With Discretion

Brasilia—In producing its survey of the president's activities, the Adjutant's Office of Planalto Palace, which is subordinate to the Military Household, has come up with a document that conflicts with the style of its chief, Gen. Agenor Homem de Carvalho. The extremely discreet major general (two stars) has spent the first year of the Collor administration as the president's most assiduous interlocutor while managing at the same time to appear very seldom in the news. "The general does his duty while being careful not to arouse the jealousy of the other advisers," says one of his subordinate officers.

But the survey (a volume with a green cover that even includes a time record of the president's athletic activities) reveals that out of every 10 hours of his first year as president, Collor spent one hour talking to Gen. Agenor. "That is the true face of power," says the PT [Workers Party] leader in the Chamber of Deputies, Jose Genoino, who is also his party's spokesman on defense matters. Orestes Quercia says ironically: "And just think: this general only has two stars. Imagine how things would be if he had the four stars of a full general."

In number of conversations with the president, Agenor was even able to outdo a relative of Collor's, Ambassador Marcos Coimbra, secretary general of the Office of the President. Coimbra, whose second marriage was with Collor's older sister Leda, spent 50 fewer hours with the president than Agenor did. He was harmed in the statistics by his two medical leaves of absence. "General Agenor has occupied a political space that would have fallen to Ambassador Coimbra," reasons one government leader in Congress. "Coimbra does not take intense pleasure in power, whereas Agenor does," the leader adds.

The first political move by 58-year-old Rio de Janeiro native Agenor that impressed President Collor took place in the union area. In September of last year, the general took advantage of his friendship with Campinas Mayor Jaco Bittar, a former member of the PT (Campinas was where Agenor commanded the 11th Infantry Brigade), to arrange a meeting by Collor with the leader of the CUT [United Federation of Workers], Jair Meneguelli. He won the president's admiration and the jealousy of Minister Rogerio Magri, with whom he again clashed during the episode involving fraud in the Ministry of Social Welfare.

*** EMFA Chief Claims Arms Industry Boycotted**

91SM0285E Rio de Janeiro O GLOBO in Portuguese 14 Apr 91 p 12

[Text] Brasilia—The Armed Forces Chief of Staff, General Jonas Correa, said yesterday that the rich countries were not allowing Brazil to recover its position in the arms market. According to the general, Brazil manufactures the best armored vehicle in the world—the Osorio, produced by Engesa [Specialized Engineers, Inc.]—but has been unable to sell it since the invasion of Kuwait by Iraq in August of last year. Jonas Correa said that the Osorio was more efficient in desert sand than the U.S. Abrams M1A1 and the British Challenger, which were used in the Persian Gulf WAr.

"The Osorio was proven to be far superior to the two tanks that appeared in this war: the Abrams and the Challenger. The fact is that the Osorio is a tank from a poor and weak country, and that is an area where the rich countries will not let us raise our heads," the general said.

Brazilian experts on the arms industry say that even before the Gulf War broke out, countries such as Great Britain, France, and the United States were doing their best to reduce the Brazilian arms industry's market. Since the war, that effort has been reinforced with strategic actions against the Brazilian arms industry.

One of those strategies is to impose tied sales (in which the purchaser can only acquire one product by also accepting others of inferior quality or for which there is little market). The experts say that Brazil is accused of trading with "unreliable customers" and that this discourages the entry of Brazilian products into the market consisting of Third World countries linked strategically to the United States.

According to officials connected with the general's office, the rich countries use as their argument the fact that Brazil has sold weapons to Iraq and Libya.

*** Satellite Launch Vehicle Bidding Heats Up**

*** U.S. Pressure Alleged**

91SM0299A Sao Paulo O ESTADO DE SAO PAULO in Portuguese (Economic Section) 1 May 91 p 1

[Article by Jorge Zappia: "Growing Competition to Launch Rocket"]

[Text] The competition to launch the first Brazilian artificial satellite has led Frenchmen and Americans to band together to put on pressure to prevent the awarding of the contract to a consortium in which the Soviet Union would be supplying the technology. In this conflict of interests, ironically, a U.S. company—Space Commerce Corporation—is working in favor of the Soviets and thus against another U.S. firm—Orbital Science Corporation—which is an ally of the French.

Sergio Roberto Pinto Teixeira and Omar Gattas are superintending director and commercial director, respectively, of Elebra Defense Systems, Ltd., which has formed the consortium with the Soviet firm Glavkosmos and the North American Space Commerce Corporation (SCC); the two directors have written to ESTADO DE SAO PAULO complaining that U.S. Government officials have "warned" Brazilian technicians and military officers about the "problems" which the country would face if it awarded the contract to the Soviets. The "problems" would include difficulties in transferring

sensitive technologies and a harder line in the negotiations regarding Brazil's foreign debt.

According to the Elebra directors, as a part of this pressure game, Gen. Agenor Homem de Carvalho, chief of the Military Household of the Presidency, received a memorandum from the European space consortium Arianespace advising that the Western countries would view the possible choice of the partnership with the Soviets as an indication that Brazil is seeking to acquire strategic technological capability for military purposes. Approached by ESTADO DE SAO PAULO, Jacques Mercier, Arianespace representative in Brazil, refused to say anything on the subject.

Military sources in Brasilia said they were unaware of the existence of the Arianespace memorandum, a portion of which was published in FOLHA DE SAO PAULO, and denied that there was any pressure. A day after ESTADO sought out technicians and military officers, the Government classified the project as "top secret" and sent down an implicit order calling for silence on the matter—this according to an official of one of the firms that is bidding on the contract. A military officer sounded out by ESTADO said the awarding of the contract is now a political decision.

Options

President Fernando Collor is already in possession of all the technical information needed to decide on one of three options.

The international consortium which Elebra formed in 1989 with the SCC and Glavkosmos, named Alport (Alcantara Spaceport), offers two alternatives for launching the 117-kg satellite built by the National Institute of Space Research (INPE). The first alternative provides for a test launching and then the definitive launching of the satellite in space; the rockets would be launched from a Soviet submarine stationed off the coast of Maranhao. The cost would be $10 million.

The other alternative of the Alport consortium also provides for the launching of two satellites, except that they would be carried in the nose of the Kosmos rocket, which would be launched from the Alcantara space base. The Soviets would install a launch pad and the telemetry equipment to follow the flight; 24 months later, when the initial investment of $30 million by the Brazilian Government is completed, the Soviets would come to compete, through their consortium with Elebras and the SCC, in the satellite launching market, worth an estimated $6 billion a year.

The second option available to President Fernando Collor is that of the Orbital Science Corporation and consists in launching the INPE satellite by means of a Pegasus-type rocket. Tested for the first time last year, the rocket is fired from the roof of a B-52 bomber at an altitude of 15,000 meters. It costs $10 million. The third option, according to the military officer who spoke with ESTADO, would be to launch the satellite with a rocket of the Scout type, manufactured by the LTV Missile and Electronic Group. In this case, the cost would be $14 million.

These three options were selected from among the 11 analyzed by the Brazilian Commission for Space Activities (Cobae). The two alternatives presented by the consortium led by Elebra came out first from the standpoint of the transfer of technology.

According to Sergio Roberto Pinto Teixeira, the decision in favor of Alport was made on 27 February in a meeting of the Cobae, formed by 12 Government ministries and secretariats. Only the Ministry of Foreign Affairs opposed the decision, arguing that the proposal needed further analysis because the Soviet rocket would be one that is known to be a military launcher. At that time, with the war in the Gulf, the choice of the Kosmos could be seen as politically provocative.

The Gulf War was also mentioned in the memorandum which Arianespace sent to Gen. Agenor Homem de Carvalho. One passage referred to the "illusion" of the transfer of Soviet technology, citing the example of the Scud missiles, which were only developed on acquisition of Western technologies. Gen. Jonas de Morais Correia Netto, then minister-chief of staff of the Armed Forces (EMFA) and of the Cobae, sent the president an explanation of the reasons for the decision and a request for its approval. However, Collor asked for another assessment by six ministries and secretariats and, once again, according to Elebras superintending director Sergio Pinto Teixeira, the Foreign Affairs Ministry opposed awarding the contract to the Alport consortium.

Teixeira and Gattas have no doubt that "there is enormous pressure on President Collor by the Americans and the Frenchmen." The Americans have 40 percent and the French have 60 percent of the world market for satellite launching. "They do not want Brazil to have the ability to compete in the market which they control," claim the Elebras directors, for whom a decision against Alport would mean the loss of $600 million in business which they would obtain if the consortium won the launch contract. The military issue, they maintain, is simply a smoke screen to cover up the Orbital Science Corporation's attempt to win the contract.

* Soviet Interest in Alcantara

91SM0299B Sao Paulo O ESTADO DE SAO PAULO in Portuguese (Economic Section) 1 May 91 p 9

[Text] The Soviets are interested in an association with Brazil for the use of the Alcantara base in Maranhao, for purely commercial purposes, said Sergio Roberto Pinto Teixeira, superintending director of Elebra Defense Systems, Ltd. Although the Soviets have a whole family of rockets of proven effectiveness, their launch base—Baikonur, in the south of the Soviet Union—is still closely linked with the nuclear defense system, under military control, and their marketing is not as good as it could be.

These factors are inhibiting potential buyers for their rockets and led the Soviets to seek an association with the North American Space Commerce Corporation (SCC). With the Soviets manufacturing the rockets and the North Americans marketing them, everything would already be working out if it were not for the need to find an alternative to Baikonur. This is where Brazil came in.

The country joined with the two companies under technical cooperation agreements signed with the Soviet Union in 1988. Sergio Roberto Pinto Teixeira sought out the Soviets and presented the proposal for the consortium. His trump cards in this negotiation were the fact that Alcantara already had the infrastructure (at a cost of $400 million), Brazil's influence with the Third World countries, and Alcantara's proximity to the equator. "A Kosmos rocket needs less fuel to reach the stratosphere because it has the advantage of the thrust provided by the movement of the earth itself, so it can easily carry two satellites instead of just one," Teixeira explained.

"It is not by accident that the North Americans built Cape Kennedy at the extreme southern tip of Florida and the French located their Kourou base in French Guiana," said Omar Gattas, commercial director of Elebras. According to Teixeira, if the consortium does not win the contract or if it is delayed for two long, the Soviets could opt to enter into a similar agreement with Australia, establishing a base in the region known as Cape Cord.

* Political Decision

91SM0299C Sao Paulo O ESTADO DE SAO PAULO in Portuguese (Economic Section)2 May 91 p 7

[Text] A high-ranking military officer directly involved in the Brazilian satellite launching program described as "healthy" the competition among the Alport (Alcantara Space Port) consortium, the LTV, and Orbital Space Corporation for the contract to supply the rockets. "There is no pressure; it is pure and simple business competition," he said. The military is gathering more information to "prepare the architecture of the contracts" when the president of the republic makes his choice. According to the officer, the decision will be essentially political, because the best three proposals have already been chosen by the commission charged with the selection.

Technically, on the scale of priorities, which take the transfer of technology into consideration, the Elebra consortium with the Soviets is preferred by the military and by a majority of the civilians on the Brazilian Commission for Space Activities (Cobae). However, there is no elation about the transfer of strategic technologies, or with regard to the rocket navigation systems. "We do not believe there will be a transfer of technologies in any of the cases," said the military officer. Regarding the idea that Brazil could enter the competition for the rocket launching market if it associates with the Soviets, the officer said it was a "very pretentious" notion.

The best thing to do, he said, is to derive the greatest possible advantage from the competitive bidding and thus achieve the primary objective, which is to put the Brazilian satellite in orbit by the first quarter of 1992, when Brazil will host the world conference on the environment. Politically, the officer argued, it will be to Brazil's interest to demonstrate that it has the satellite technology and can use it effectively in the control and collection of data regarding the national territory, particularly the Amazon region.

* Supercomputer Accord To Be Concluded in May

91SM0285D Rio de Janeiro O GLOBO in Portuguese 14 Apr 91 p 58

[Article by Luiz Augusto Michelazzo: "Supercomputer Accord To Be Concluded in May"]

[Text] Sao Paulo—The Secretary of Science and Technology, Jose Goldemberg, said yesterday that the government's agreement with the United States covering the purchase of the IBM 3090 supercomputer would be concluded this coming May before President Collor's visit with George Bush, which is scheduled for June.

Goldemberg—who has been called one of the world's greatest authorities on nuclear energy—gave assurances that the contract would not include any clauses allowing U.S. experts to conduct physical inspections of the system. Such inspections are considered by the Brazilian military to be an intolerable affront to national sovereignty.

"There are other ways to inspect the use of the supercomputer without the presence of U.S. experts," said Goldemberg, who noted that Brazil already has two similar machines—at Sao Paulo University and Petrobras [Brazilian Petroleum Corporation]—and remarked that conclusion of the agreement will depend on political confidence between the two governments.

The scientist said that the Americans must be satisfied with a bill prepared by the Office of the President of the Republic to control the supplying of war technology and advisers to other countries, this as a result of that supplied to Iraq by Brazilian engineers hired by Brigadier General Hugo Piva before and during the Persian Gulf War. In the view of the CIA (the U.S. intelligence agency), Brazilian experts who were in Iraq could have helped improve the range and aim of the Scud missiles if they had had supercomputers.

Goldemberg regards as debatable the U.S. fear that the IBM 3090 will be used to develop nuclear weapons: "The atomic bomb was produced in 1945 using slide rules."

Goldemberg says, however, that supercomputers perform those calculations better and more quickly and are almost indispensable for enabling Embraer [Brazilian Aeronautics Company] to design faster and more sophisticated aircraft. He says it is not likely that the Iraqis

would have done any better in the war if they had had supercomputers for military use:

"They would have to have had enriched uranium, and that became impracticable when the Iranian [as published] reactors were destroyed by the Israelis in 1982."

According to Goldemberg, the agreement covering the purchase of the supercomputer will require mutual confidence because in theory, both sides might act clandestinely: the United States by having agents infiltrate maintenance crews and Brazil by using traditional Brazilian "resourcefulness" to carry out banned projects.

* Petrobras Investment Plans for 1991 Discussed

91SM0285C Sao Paulo O ESTADO DE SAO PAULO in Portuguese (Economic Section) 12 Apr 91 p 4

[Text] Rio de Janeiro—Petrobras [Brazilian Petroleum Corporation] is going to invest $6 million (1.5 billion cruzeiros) during the first half of this year to begin petroleum production in the Coral field in the Santos Basin. The government-owned firm's assistant superintendent of production, Milton Luiz Gabrielli, says that at least one well in that field will be producing 5,000 barrels of petroleum per day during the second half of this year. That is sufficient for the start of production tests of the Coral reservoir, which is located 10 km south of Tubarao.

Gabrielli says that in May, Petrobras will reach a production level of 700,000 barrels per day, a goal delayed since February because of the oilworkers' strike. According to Gabrielli, Petrobras will invest $1.66 billion (415 billion cruzeiros) in domestic petroleum exploration and production this year. Of that total, $800 million (200 billion cruzeiros) will be spent on production.

The priority goal is an increase in extraction from the Campos Basin in Rio de Janeiro. And $110 million (27.5 billion cruzeiros) will be allocated to the giant Marlim field to increase the number of wells from two to 10 and build a gas pipeline. Another $37 million (9.2 billion cruzeiros) will be spent in Marlim to acquire pipelines and two platforms. By the end of the year, the field will be producing another 50,000 barrels.

Another $90 million (22.5 billion cruzeiros) will be invested in Pirauna and Marimba, both of which are also in the Campos Basin, to increase the production from both fields from 35,000 to 50,000 barrels. And the Bonito field in the same basin is assured of $30 million (7.5 billion cruzeiros) for the drilling of three wells. Investments in Albacora, another giant field in the Campos Basin, are estimated at $22 million (5.5 billion cruzeiros). In the case of onshore extraction, Petrobras is going to set aside $60 million (15 billion cruzeiros) for drilling 165 wells in the Potiguar Basin in Rio Grande do Norte.

* Piva Says HOP Consulting Firm Closes

91SM0285B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Apr 91 p 11

[Text] Sao Jose dos Campos—Retired Brigadier General Hugo de Oliveira Piva, who spent two years working for the Iraqi Government to develop the project for an air-to-air missile, announced yesterday that that he was no longer going to deal in weapons. Piva said that he had just closed his weapons consulting firm, the HOP [Hugo de Oliveira Piva], and that he was opening another firm that would concern itself with exports of sugar, steel plate, and hydraulic pipe.

The general had taken a team of 21 engineers to Iraq in November 1989 to work on construction of the missile, which had been ordered by the Iraqi Air Force. He claims that at the time, he had "the full support" of the Brazilian Government. "But now international policy has changed," Piva admits, "and as a paid officer in the reserve, I cannot go against my government's decisions."

The air-to-air missile developed by Piva's team was in the final phase of engineering when, in July of last year, Brasilia decided to withdraw all Brazilians from Iraq. The general's project then became public knowledge, and he was accused of making a private sale to Iraq of military technology developed by the Aerospace Technology Center (CTA) in Sao Jose dos Campos, of which he had been director.

Piva was accused specifically of taking the design for the Piranha missile, which imitates the design of the U.S. Sidewinder, to Iraq. The Sidewinder is the largest-selling missile in the world; it can carry up to 12 kg of any explosive and has a range of 5 km. The Piranha was not produced by the CTA because it was cheaper for Brazil to pay $100,000 for a Sidewinder or an Exocet than to spend millions on the domestic missile. "Never again will I develop armaments," said the general, who considers himself misunderstood.

"Piva's boys," as the general's team came to be known, earned $6,500 per month and lived in a luxurious apartment hotel in Baghdad. His firm had its administrative headquarters in Monrovia, Liberia and its management office in Panama City. Payments were made through the Bank of the Netherlands in Luxembourg. All those countries are known as "tax havens."

Chile

Church Reports 450 More Killings Under Pinochet

PY1405153291 Madrid EFE in English 0302 GMT 14 May 91

[Text] Santiago, May 13 (EFE)—Roman Catholic Church officials in Chile on Monday [13 May] said that at least 450 more people were killed illegally at the hands of security forces under the former military regime than were cited in the official report released in March. The

figure would bring to 2,729 the number of confirmed political deaths under the 1973-90 military dictatorship led by Gen. Augusto Pinochet.

Most of the latest cases were not reported to the courts or human rights organizations previously out of fear or ignorance on the part of the victims' relatives, but were well-documented, the church said. Many of the killings occurred in military installations or detention camps, but the majority had been detainees who were executed along the banks of the Mapocho River near Santiago, where prisoners were taken, told to run, and then shot as if trying to escape.

The official Rettig report, compiled by a commission set up by President Patricio Aylwin, documented 2,279 political killings under military rule. The vast majority were those carried out by security forces against suspected leftist or opponents to the regime.

Democratically-elected Aylwin took over from Pinochet in March 1990.

National Renewal Appoints Vice Presidents

PY1405182791 Santiago Radio Cooperativa Network in Spanish 2300 GMT 13 May 91

[Summary] National Renewal, RN, Secretary General Felix Vivero has reported that Deputy Evelyn Matthei and Francisco Javier Cuadra, director of the Freedom Institute and former cabinet member, have been unanimously appointed as vice presidents of the RN by the respective political committees.

Evelyn Matthei and Francisco Javier Cuadra replace Marina Prochelle and Enrique Larre.

Press Agency Opens Regional Office in Santiago

PA1305155491 Mexico City NOTIMEX in Spanish 1733 GMT 11 May 91

[Text] Santiago, 11 May (NOTIMEX)—The inaugural ceremony in Santiago, Chile, of the Mexican news agency's regional office in South America opened with a message from Mexican President Carlos Salinas de Gortari.

NOTIMEX General Director Pablo Hiriart Le Bert read the Mexican president's message before approximately 100 Chilean Government authorities, political leaders, and media representatives who attended the ceremony last night at the Spanish Club in the Chilean capital.

"We hope that the opening of this office in Santiago will contribute decisively to improving relations among the countries of the region, especially between the peoples of Mexico and Chile," Salinas de Gortari's message said.

The message stressed that Mexicans and Chileans are fully aware of the need to strengthen true integration efforts in Latin America, "starting with realistic and specific actions," and it pointed out that the great world transformation that is currently under way implies opportunities and risks.

"We would like to progress through dialogue and consensus, and to this end, the media must continue developing its primary role of promoting ties, broadening horizons, and establishing bridges of cohesion between our nations," the message stated.

To conclude, the Mexican president said that Mexico and Chile "have before them the firmest path and most solid foundations for progress toward the noble ideal of shared well-being."

Also attending the inauguration of the NOTIMEX regional office in Santiago was Otto Granados Roldan, general media director at the Mexican presidency.

Ecuador

Judge Blames Kidnapping on Guerrilla Group

PA1405170791 Madrid EFE in Spanish 1750 GMT 13 May 91

[Text] Quito, 13 May (EFE)—Ecuadoran Judge Agustin Aguirre, former president of the Loja superior court, today blamed the former "Alfaro Lives, Damnit" (AVC) guerrilla group for his kidnapping.

Aguirre disclosed that his captors, who held him from 4-12 May, asked for an unspecified amount of "spontaneous" economic aid. It was unofficially reported, however, that a 30 million sucre [about $30,000] ransom was paid.

The judge, who said he sides with leftist positions, showed no sign of mistreatment and disclosed that he stood a "people's trial" while captive. Neither the AVC nor any other group has claimed responsibility for his kidnapping.

According to Agustin Aguirre's explanation, his captors did not accuse him of any crimes against the people, but asked for "spontaneous economic aid for the AVC."

Aguirre told EL UNIVERSO newspaper that "it is paradoxical that leftists should torture a leftist, claiming benefits for the people."

The AVC takes its name from the war cry of the Liberal armies at the end of the 19th and the beginning of the 20th centuries led by former president Eloy Alfaro. The AVC recently gave up its armed struggle and in February turned over its weapons to the Catholic Church.

The AVC leaders, embroiled in transforming the group into a legal political party, have repeatedly denied their part in violent events and have also minimized the importance of "dissidents" who opposed turning their weapons in.

Cuban 'Official,' Couple Request Asylum

PA1405121991 Madrid EFE in Spanish 0143 GMT 14 May 91

[Text] Quito, 13 May (EFE)—The National Human Rights Commission reported in Quito today that three Cuban citizens—one of them a government official—requested political asylum from the Ecuadoran Government.

The source added that the Cubans are: Juan Merino Gomez, technical director of the Cuban Fish Industry Ministry's "Camarinicultura," and the married couple photographer Carlos Madrigal and scriptwriter Diana Chiviano.

Merino Gomez had gone to Ecuador to study shrimp breeding under a bilateral agreement program. The couple has been in Ecuador since February and had been contracted with the Latin American "International Network Group" (ING) to work on a television serial called "Nazca." The serial is co-produced with "Television Espanola" (TVE).

The Cubans initially sought help at the National Human Rights Commission and, through them, requested "political refugee" status from the Ecuadoran Foreign Ministry.

Julio Prado Vallejos, former foreign minister and president of the Human Rights Commission, told EFE that he had personally taken this case to the Foreign Ministry. He added that the "provisional refuge permit" had been issued last week so that legal procedures can be carried out within a 90-day period and in accordance with Ecuadoran law.

The couple disappeared two weeks ago and it had been unofficially reported that they had broken their contracts with ING because of a disagreement with the serial's photography director, Cuban Angel Alderete. It was also said that the couple had expressed an interest in working for Ecuadoran television.

* Herrera Comments on Andean Pact, Labor Talks

91SM0284A Quito EL COMERCIO in Spanish 16 Apr 91 p A3

[Text] Ecuador must be prepared to meet the competition of the rest of the world and participate in the free trade zone beginning in 1992, Secretary of Public Information Washington Herrera says.

Commenting on the meeting held among representatives of the government, business, and workers, Herrera acknowledged that some sectors of production will be unable to compete but should receive support in the form of technical and financial assistance.

President Rodrigo Borja will time his decision concerning the elimination of tariffs so as not to delay modernization of the Ecuadorian economy.

Within the next few days an executive decree will likewise be issued to regulate foreign investment, which will be receiving more attractive treatment in Ecuador.

In this connection the Ministry of Labor will prepare a project for reform of the labor laws, because the modernization of the nation must be carried out fearlessly. "We have to leave that static mentality behind us," he reiterated. "The nation must meet major challenges and—most importantly—take risks."

He explained that the the government's decision with respect to the elimination of tariffs must necessarily be made on the basis of a comprehensive process of consultation with all sectors involved.

Through the medium of these tripartite meetings, the government hopes to establish a frank and direct dialogue that will, however, have the nation's future in mind.

Asked whether the nation is afraid to accept the elimination of tariffs beginning in 1992, Herrera maintained that Ecuador is accustomed to talk only about defensive criteria and false panics, but never about a positive opening of world markets.

He reported that the United States Congress will, within the next few days, pass a law that will contain exclusive preferences designed to open the U.S. market to Ecuadorian products.

* Committees Report on Andean Free Trade Zone

91SM0284B Guayaquil EL UNIVERSO in Spanish 11 Apr 91 p 2

[Text] The recommendations of the eight interinstitutional committees created to analyze Ecuador's participation in the Free Trade Zone alongside its partners in the Andean Pact emphasize the opening of credit lines for agriculture, privatization of inefficient state enterprises, utilization of debt conversion mechanisms, and rationalization of government spending.

These proposals were presented by the respective committees that studied labor policy; foreign trade promotion; industrial development policy; policy for agriculture and cattle-raising; tariff policy and mechanisms for integration; efficiency and simplification of the public sector; financial policy and investment promotion; and policy for transportation and communications.

Structural Changes

As for the position that Ecuador must take with respect to the Declaration of La Paz, there was general agreement that our country could advance the effective date for the tariff elimination program to December 1991, when and if the necessary internal structural changes are made in the economy. In addition, Ecuador will have to obtain acceptance of a program of gradual elimination—to be phased in by 1995—for a special group of products.

The Committee on Tariff Policy and Mechanisms for Integration emphasizes that sectorial programs such as those for the petrochemical and steel industries should not participate in the process of total elimination of tariffs, although such participation would be acceptable if the Common Tariff were established at low levels.

The committee expressed its concern that the Common Tariff not be established until after Ecuador has stated its position with respect to its participation in the accelerated program for the elimination of tariffs.

Foreign Trade Promotion

The joint committee studying the topic "Foreign Trade Promotion" concluded that the foreign debt is a vehicle that can be used to promote exports, and therefore that mechanisms for debt conversion should be utilized. This would give exporters the resources to finance modernization of their infrastructure through the use of technology and thereby increase their productivity.

The committee also recommends elimination of the bureaucratic obstacles that slow the normal growth of the export trade. These include taxes on production and marketing abroad, an inadequate port infrastructure, and arbitrary interference by the Military Customs Police.

The committee also calls for repeal of the cargo reserve law and for greater control over international freight agreements, while recommending that the trade advisers of the Ministry of Industries modernize their activities through the use of technology but confine their activities to the trade sector and not cross over into the diplomatic sphere.

A Changed Model of Development

The Committee on Industrial Development Policy considered it essential to approve and implement a new policy of industrialization that should provide for short-, medium-, and long-term measures to modernize the national production establishment and restructure the industrial sector properly speaking.

The Committee on Policy for Agriculture and Cattle-Raising called for resources to enable the sector to develop suitable technologies for use in production; increase productivity and heighten our competitiveness; establish a system of unregulated prices; and privatize the National Development Bank, IERAC [Ecuadoran Institute of Agrarian Reform and Settlement], INERHI [Ecuadoran Institute for Water Resources], and Ensemillas [expansion not given].

Meanwhile, the Committee on the Efficiency and Simplification of the Public Sector considered it imperative to institute a plan for administrative rationalization designed to optimize the performance of the government departments.

The committee deems it essential to effect a substantial reform of the existing Labor Code by establishing mechanisms that will enable an employer to obtain adequate results and productivity from civil servants.

* CFP Party Holds Convention; Bucaram Elected

91SM0284C Quito HOY in Spanish 15 Apr 91 p 5A

[Text] Guayaquil—The deposed president of Congress, Averroes Bucaram, was elected supreme director of the Concentration of Popular Forces [CFP] during the special national convention held Saturday night with delegations from the 21 provinces of the nation in attendance.

Averroes obtained 123 votes to one vote for Angel Duarte—who did not attend the convention—and one abstention. Dr. Lorenzo Calvas was elected deputy director. Bucaram replaces former deputy Rafael Santelices as supreme director.

The convention resolved unanimously to declare "radical and aggressive opposition" to the administration of President Rodrigo Borja. No action was taken, however, to initiate talks with a view to forming alliances, and for the moment no proposal has been made to nominate a candidate for president of the Republic.

The following officers were also elected: Deputy Eduardo Vayas, alternate director; Leonidas Plaza, secretary; Juan Arreaga, national director for organization; Angel Duarte, director for political action; and Juan Gonzalez, director for trade union action.

* Supreme Court's Reform Plan Criticized

91SM0284D Guayaquil EL UNIVERSO in Spanish11 Apr 91 p 6

[Commentary by Milton Alava Ormaza: "The Judicial Plan"]

[Text] The truth is that the judicial reform plan proposed by "the administration of Dr. Walter Guerrero Vivanco" of the Supreme Court could not in any way be an alternative to the constitutional reform bill currently under study by the National Congress—a reform that would depoliticize the courts.

In essence, what the Guerrero Vivanco "plan" proposes is first, the creation of several administrative organs that would be part of the Ecuadoran court system and would strive to improve its efficiency, namely an Office of Judicial Review, an Institute of Criminology and Legal Medicine, and an Institute of Sociolegal Sciences; second, modernization of the Penal and Civil Codes; third, conversion of the body of public prosecutors into a jurisdiction of the criminal court system; fourth, total replacement of the police authorities by criminal court judges in the processing of cases of this type; and fifth, the creation of justiceships of the peace. The rest is just literature and not particularly good literature at that, if we consider that the famous "plan" omits any analysis of the structural problems of the court system—problems

which have in recent years caused that system to sink to a record low level of credibility in the eyes of the public.

Of the three new organs proposed, perhaps the Office of Judicial Review is the one that is most necessary and most closely affects the Supreme Court and understandably so, inasmuch as its aim is to supervise the performance of the courts. The two proposed institutes of a scientific character are by their nature academic and should be established—because they are essential—in active partnership with universities that have law schools. It would be appropriate to undertake to enact new procedural codes designed to generalize the oral procedure during a trial, but the Supreme Court's inability to reform these legal bodies is already proverbial: it has never seriously encouraged their reform, and the few changes that have been made in them were the product of external political initiatives. The desire to have a Judicial Police force is as old as the Supreme Court itself, which as Dr. Guerrero recalls—perhaps to underscore its rigidification—was established on 11 September 1830. But this cannot be said of the proposal that only criminal court judges can be examining magistrates, which among other things is included in the constitutional reform bill now under consideration, precisely in order to depoliticize the courts. Many legal experts have pointed to the need to create "justiceships of the peace," but so far none of these experts—not even Dr. Guerrero—has explained what the jurisdictions of these justiceships would be. Indeed, the only new proposal outlined by "the administration of Dr. Walter Guerrero Vivanco," however confused it may seem at the present moment, is probably the one that would convert the body of public prosecutors—the prosecutorial establishment—into what would amount to a very large criminal court of original jurisdiction.

Moreover, the court system does not consist solely of the Supreme Court, the Superior Courts, and the subordinate courts; it also includes the Tax Courts, the Administrative Law courts, and other organs of justice, all of which, however, are present in the constitutional reform bill in Congress. It would therefore have been desirable if "the administration of Dr. Walter Guerrero Vivanco" had also taken note of this detail, not only to ensure that implementation of the plan would require an appropriation amounting to 3 percent of the General Budget—a bright idea which is also not attributable exclusively to the "Guerrero Vivanco administration"—but also in order that Dr. Guerrero might truly be converted into the great protagonist of judicial modernization that from all appearances he would like to be.

* Economic Adjustments Concern Banking Sector

91SM0284E Guayaquil EL UNIVERSO in Spanish 22 Mar 91 p 1

[Text] Ecuador urgently needs to reactivate its economy, and to that end must avoid the traditional measures that have always been taken "and that we are already tired of taking" and try others such as the privatization of inefficient state enterprises, the rationalization of government spending, and the opening of credit lines for the production sectors, says the economist Raul Daza Martinez, outgoing president of the Association of Ecuadoran Private Banks.

"The banking sector is concerned because of the failure to implement fully the six adjustment programs to which all sectors of the economy have been subject from 1982 to the present time, and which have not had the success anticipated," Daza Martinez told the local press.

Critical Situation

He declared that these adjustment programs have put Ecuador in a critical situation by virtue of the fact that it has not been possible to control inflation, the GDP [Gross Domestic Product] has declined, and no solutions have been found to the problem of the foreign debt, which is a limiting factor for the country's social and economic development.

He emphasized that one of the new steps that must be taken by this government is to allow the private sector to accept the mechanisms for debt conversion, inasmuch as "it is entitled to benefit from them, given the fact that it accounts for 75 percent of the nation's production." In this connection he said he hopes that the $170 million currently in the stabilization fund because of the petroleum surpluses will be used for the purchase of debt and for productive investment.

On the subject of privatizations, Daza Martinez declared that this step should be taken in the case of telecommunications and some of the activities of Petroecuador [Ecuadoran State Petroleum Enterprise].

"Sucretization" Almost Paid For

He revealed that the private business sector has virtually paid for what in effect was the "sucretization" of the foreign debt, and that only 1.5 billion sucres—of an initial total of at least 150 billion sucres—remains to be paid off in the coming months.

He pointed out that under the present government approximately 90 percent of the "sucretized" debt has been paid off. He said this has meant a very great sacrifice for the banking sector, but that it has definitely made the sector more independent of the Central Bank.

Daza Martinez also spoke of the low profitability of the banking sector in previous years as a result of the forced investments it has had to make in public sector enterprises—investments that do not yield it any profits. In this connection he explained that the gross profit of the banking sector in 1990 was only 19 percent and the net profit 8.5 percent.

* Energy Minister Reiterates Support of OPEC

91SM0284F Quito HOY in Spanish 29 Mar 91 p A1

[Text] Ecuador has reiterated its total support of OPEC at a time when two of its Arab fellow members of that organization have just emerged from one of the most critical military conflicts of recent times.

Minister of Energy and Mines Donald Castillo said that OPEC "will go on living" and denied that the organization was in its "death throes," as some experts and analysts have declared. He predicted that the situation created in the petroleum market by the war in the Gulf will be surmounted.

"No, there will be no change," the energy minister said in response to a question by newsmen as to whether there would be any change in Ecuador's participation in OPEC.

Castillo insisted that the petroleum reserves must be increased in order to protect the future of the new generations.

He made this assertion in reference to the production quota of 273,000 barrels assigned to Ecuador by OPEC, which is less than the real production ceiling of approximately 290,000 barrels.

He explained that within the framework of OPEC, Ecuador is a country with a marginal production and the organization recognizes this fact.

Paraguay

Uruguay's President Addresses National Congress

PY1405153091 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2205 GMT 13 May 91

[Speech by Uruguayan President Luis Alberto Lacalle to a special joint session of the Paraguayan Congress at the Chamber of Deputies in Asuncion—live]

[Excerpts] Mr. President of the Paraguayan Chamber of Deputies; Mr. President of the Senate; Ministers of State; Legislators; Mr. Foreign Minister of Uruguay; Mr. Defense Minister of Uruguay; Uruguayan Senators Walter Santoro, Sergio Abreu Bonilla, and national representative Amorin Supparo; Uruguayan Armed Forces Commanders in Chief; fellow Paraguayan countrymen:

Today, in the name of the government of the Oriental Republic of Uruguay, which I represent by virtue of the mandate bestowed on me in the November 1989 elections, I present to sovereign Paraguay the greetings and good wishes of the Uruguayan people and Government. [passage omitted]

Even before I came to power, as a man dedicated to public life I had questions about the efficiency of our political system. I expressed this concern when I took office on 1 May 1990. [passage omitted]

Dear colleagues who participate in public life, our legitimate representation must be complemented with efficiency. The purest fountain of legitimacy or the cleanest popular approval will be worth little or nothing if our republican and democratic institutions do not change and improve the lives of our fellow countrymen. We may be legitimate, but it will not help us put more bread on our peoples' tables. The current major issue on our continent is the legitimacy of the democratic system, but legitimacy must be accompanied by efficiency. [applause]

The Treaty of the Common Market of the South [Mercosur] was signed in this city a few days ago. It will soon be approved by the Senates and Chambers of Deputies in similar processes in the four member countries. Beyond being ratified by Congress, as is required by the Constitution to complement the executive branch's foreign policy; and beyond juridical and political analysis, which is your first obligation, I think this treaty also represents an opportunity for each member of society to examine his or her conscience.

When I saw Paraguayan and Uruguayan businessmen discussing and worrying about these subjects together this morning, I told myself: This is one of the first beneficial effects of this Mercosur, the treaty we signed not long ago. Further beneficial results will also come clear when labor organizations face their future based on this new situation. It is necessary to change these economic structures. But are we forgetting our need to change as a political class? As we question the productive efficiency of Paraguayan, Uruguayan, Brazilian, or Argentine industry, the countries' labor qualifications, their new technological upgrades, or their industrial and productive reconversion, couldn't the adjustment and reconversion of the political classes of our countries also be questioned?

I think that the immensity of the changes that are about to occur and the simple fact that we will produce—using our hands, minds, and capital—for 200 million human beings, must make us think about whether our political institutions are in keeping with the approaching times. If they are not—and it will not be the first time this has happened—political structures will be left behind. Without violating any law or constitution, the businessmen and workers will reach agreements among themselves, while the political class—which is sometimes stagnant—will continue to think about its jurisdictions, its sessions, or its legitimacy, and perhaps it will not assume its duty to transform, to change.

We Uruguayans have been saying since March that these are exciting days for us because we feel that these are promising times, that new winds generated by the association of the four countries are blowing. We often ask: Will our performance match the demands of the situation? Shouldn't our quarrels be dwarfed by the great task ahead of us? Shouldn't we stop thinking of ancillary issues and concentrate on the essential? Shouldn't we

also upgrade the technology of Congress and the executive branch? Shouldn't we seek the best people, regardless of their political preferences, to carry out highly technical tasks without giving up the power to govern that was bestowed on us by the people?

I think, my dear friends, that the transformation of political structures should not lag behind the changes that are already evident in the business and economic world, otherwise we will not be a player or instrument worthy of the approaching times.

This is why I—assuming the virtues and mainly the defects of a professional politician, as I proudly consider myself—ask my Uruguayan and Paraguayan fellow countrymen and all those who are part of government to consider that our structures, sometimes designed for the 19th century, should be adapted to the 21st century we are approaching. [applause]

It has been said that Uruguay and Paraguay are the smallest countries within this association. Yet this qualification has become increasingly relative.

Today I was considering a single piece of data on this beloved land, in which 52 percent of the population is under 19. How can anyone say that Paraguay is poor if 50 percent of its population is under 20? That is the treasury of Paraguay, of Mercosur. That is the sector which is waiting for a change in educational programs and for opportunities, so that all those boys can achieve the dreams of their grandparents, the glory and prosperity of this land in the heart of South America.

We are not the smallest countries. We may have, in relative terms, quantitative differences, but we are the ones who can get the most out of the creation of a larger market. Everything will depend on our own determination, our own preparation.

No one who knows how to take advantage of new opportunities should be afraid of them. Let me reiterate something which has been said repeatedly: Mercosur is not a sure thing but an opportunity. How dear this opportunity would have been to our parents and grandparents! Being able to sell, trade, and exchange goods and services among 200 million people should open the doors to prosperity. We have said that prosperity is the new name of nationalism.

In this land, and also in my own, where we have always so fiercely defended the spirit of the motherland, we should not hesitate to say that Mercosur and our decision to join it is an essentially nationalistic action. A richer nation is in fact a more complete nation; a nation with more prosperity for its people is a more complete country. A nation with more opportunity has more freedom. If a nation has more freedom, more wealth, and more prosperity, it is more nationalistic, because its children are not forced to abandon it, a life's dream can be fulfilled in it, and it is possible to rest in peace there whenever Divine Providence so decides. [applause]

For us, the future that lies ahead and will inevitably arrive is a time of opportunity, a time to look ahead, and a time to heal the wounds of the past, because we are very concerned about what lies ahead.

In the past two decades we Uruguayans have experienced situations that we would never have imagined. We overcame these situations by exercising the tolerance and political wisdom that we believe we learned during so many years of confrontation.

Consequently, everyone in the free democratic game today—political parties, the Armed Forces, productive sectors, and unions—with some disagreement and dissent, which is natural in free society, have closed ranks behind Mercosur.

We felt that we were moving along the right path, but not as a government, which by definition is a temporary structure. In fact, leaders of all Uruguayan parties have come to Government House to give the government the word it needed to hear, that we are going along the right path. The right path calls for national unity to face major issues, and a major issue for us—perhaps the greatest one—is South American integration. [passage omitted]

Dinar Chief Denies Medellin Cartel Base Report

PY1405181891 Asuncion ABC COLOR in Spanish 14 May 91 p 28

[Text] Police Commissioner Fulvio Ramon Aldama, director of the National Narcotics Directorate [Dinar], denied on 13 May that the Medellin Cartel has an operations base in the city of Pedro Juan Caballero in Paraguay. He stated that although there is some cocaine and arms trafficking in the area, it is not as extensive as Raimundo Louzada, police chief in the city of Ponta Pora [Brazil], has stated.

Aldama said: "That information is not true, or at least we have not yet been able to confirm it. There have been intensive drag nets in Pedro Juan Caballero over the past few weeks, but we have not yet discovered any type of operations base or cocaine laboratory."

The Ponta Pora police chief told the Brazilian press that the smuggling of weapons into Brazil was being coordinated by a branch of the Medellin Cartel that had established itself in Pedro Juan Caballero and that, in addition to producing and exporting cocaine to the United States and Europe, the powerful illegal Colombian organization was also trafficking in large quantities of arms.

Aldama stated that these remarks were somewhat exaggerated, at least as far as Paraguay is concerned.

The Dinar chief said that "Brazilians sometimes exaggerate their remarks. It is true that it has been determined that cocaine and weapons are being moved, but not on the scale mentioned in the report. That is in Brazil, not in our country."

According to Aldama, Louzada's remarks are based on the seizure of 90 kg of cocaine in Sao Paulo, Brazil, on 6 May 1991. According to preliminary reports, the cocaine presumably came from Pedro Juan Caballero, Amambay Department.

Aldama said: "It seems the Brazilian police made their conjectures on the basis of the seizure in Sao Paulo. For some time now we have been receiving unofficial information that there is a laboratory belonging to a powerful drug trafficking group in Pedro Juan Caballero or the vicinity. We have been conducting an intensive investigation for some weeks now, but up to now we have no confirmation."

Asked about the origin of the 90 kg of cocaine, Aldama said that the investigation seems to indicate that it belonged to the Medellin Cartel. "Our information indicates that it was presumably brought from Puerto Murtinho, a Brazilian city located near Puerto Maria Auxiliadora, on the Higher Paraguay River, to Pedro Juan Caballero. It was then taken to Ponta Pora and then to Sao Paulo, where the cargo was seized," Aldama stressed.

He also stated that Amambay Department is being strictly controlled by the police, Dinar, and the Armed Forces. "It would be rather difficult for a Medellin Cartel base to exist without our discovering it. Anyway, we continue to be alert in the area," Aldama said.

Agriculture Sector Reported 'Near Bankruptcy'

PY1405220491 Asuncion ULTIMA HORA in Spanish 11 May 91 p 12

[Text] The grain producing sector has experienced a loss of 214.5 billion guaranies over the past 18 months as a result of climatic conditions, a lack of timely and appropriate financing, the low germinating capacity of seeds, a price drop on the international market, and the great overvaluation of our local currency. All these factors have pushed the sector near bankruptcy, according to a note sent by the Paraguayan Chamber of Oilseed and Cereal Exporters (Capeco) to Paraguayan Central Bank [BCP] President Jose E. Paez.

The note says that 50 percent of the agriculture sector's accumulated a deficit over the past 18 months— that is, 107.25 billion guaranies—represents the real capital loss of the primary sector, while the other 50 percent represents debts that the primary sector owes to the financial system.

The note, signed by Capeco president Benito Gomez, says farmers are discouraged by operating losses. The climate of uncertainty will necessarily have a great effect on other areas that depend on the primary sector.

Grain producers told the BCP "the near state of bankruptcy for this sector (soybean-wheat), which is considered a pillar in the country's agro-productive structure, creates a state of confusion and deep concern because its collapse will inevitably drag other entrepreneurial and financial organizations, with direct or indirect participation, to the same end unless the government launches a national salvage operation to aid it."

"It is essential to note that the risk involved in financing agriculture export production is basically assumed by agro-exporters and related financial institutions. For this reason, the failure of the harvest through God's will (climate) largely exceeds the agents' capacity, entrepreneurial efficiency, or human willingness to solve the situation," the note says.

Capeco presented the BCP with some financial alternatives such as the rescheduling of loans granted for sowing, harvesting, and trading of the 1991 soybean crop over three years, equal annual and consecutive payments, and interest rates compatible with the salvage operation.

Capeco also proposes the use of accumulated BCP monetary reserves to open a $50 million credit line in dollars payable in three years at an interest rate equal to the Libor [London Interbank Offered Rate] plus 1 percent.

Venezuela

Perez Announces Oil Conference Set for July

PA1105203291 Paris AFP in Spanish 1849 GMT 11 May 91

[Text] Caracas, 11 May (AFP)—Venezuelan President Carlos Andres Perez confirmed today that a meeting will be held in Paris in July attended by a dozen oil producers and consumers. He also suggested that President George Bush might send an observer.

An official spokesman said that the meeting has been scheduled to take place from 3 to 8 July.

During a news conference Perez said that "an announcement will be made in the next few days regarding this meeting promoted by France and Venezuela."

Asked about President Bush's rejection of the French-Venezuelan idea during their last meeting, Perez recalled that in September 1990 he informed President Bush after proposing the initiative at the United Nations in the wake of the Persian Gulf crisis. Bush replied in a three-page letter, in which he explained the reasons for rejecting the initative. Essentially, he favored letting the forces of oil marketing, production, and prices act; this is contrary to the Caracas and Paris proposal, which is to seek agreements to prevent, above all, abrupt price changes.

Perez said that during his recent meeting with Bush he proposed that the United States send an informal observer, a possibility which Bush said he would consider. Without going into details, Perez said that the meeting in Paris will be the first exploratory session.

"We will continue insisting until we can formalize a dialogue between producers and consumers because we

are sincerely interested in stabilizing oil prices. By stabilizing, I mean preventing uncontrolled fluctuations. Prices will still be regulated by the market.

In his visit to Caracas in March French Foreign Minsiter Roland Dumas said that "many countries" have expressed their support for the initiative, including Germany, Italy, Norway, the USSR, and Mexico, which is the other main Latin American oil producer besides Venezuela. Mexico, however, is not an OPEC member. On that occasion, Dumas said that the Paris and Caracas initiative does not seek to replace OPEC and the International Energy Agency (IEA), which groups industrialized consumers. He noted, however, that "both organizations are not playing their expected roles because the Persian Gulf conflict showed the vulnerability of the market."

Dumas insisted that the purpose is not to set the price of oil but to fill a vacuum by bringing producers and consumers together "to discuss problems that presently are not being discussed."

"There cannot be a peace policy in some parts of the world without a development policy, and the latter must include an oil policy."

Foreign Minister Comments on Andean Integration

PA1505030091 Caracas Venezolana de Television Network in Spanish 1627 GMT 14 May 91

[Interview with Foreign Minister Armando Duran by Martin Pacheco at the Hilton Hotel in Caracas concerning the upcoming meeting of the presidents of Bolivia, Colombia, Ecuador, Peru, and Venezuela in Caracas—live]

[Text] [Pacheco] We are live from the Caracas Hilton Hotel. Mr. Foreign Minister, we were talking about the fact that this meeting places Venezuela at the center of attention for Latin American integration at this time. Could you list the objectives that will be achieved, in addition to the ones that will be achieved within the framework of this presidential meeting?

[Duran] First, we want to consolidate the agreements that were concluded in the La Paz document that was signed six months ago in the Bolivian capital. Those agreements provide a better outlook for the establishment of a free trade zone among the five Andean countries. We are going to conclude this first stage of Andean integration with the adoption of an open sky policy among the five Andean countries. This will be the first step and in the coming years we can make progress in the establishment of an Andean common market, which will begin operating on 31 December 1995 or 1 January 1996.

We are going to talk about something that I believe is very important. The Andean Group, which is a regional association comprising the five Andean countries, will begin to establish contacts and mechanisms with other regional organizations that are being simultaneously established in the rest of the hemisphere. We will make contacts with the Mercosur [expansion unknown] in the southern cone, Caricom [Caribbean Common Market] in Central America, and even the Group of Three [Mexico, Ecuador, and Venezuela] so that Mexico can get involved in the process. We need to make progress along with other regional organizations that can allow us to move ahead with the integration process so that we can establish a giant free trade zone among all Latin American countries. This organziation could become a true Latin American common market.

[Pacheco] Will it be a strong voice compared to big economic centers such as the EC?

[Duran] It is not a matter of having a strong voice. The process of economic regionalization in the world has been taking place over the last few years. One can see such regionalization demonstrated with the establishment of great economic blocs such as the EC and the various organizations that have been put into operation in southeast Asia. The countries of North America and South America cannot live with the idea, with the utopian idea of autarchy. We have to join integration processes that can allow us not just to be a strong voice, but rather to not be left behind in this magnificent process of global integration. That is why President Bush's Initiative for the Americas is important. It corresponds to the U.S. need to get closer to Latin America and the need for Latin America to get closer to the United States in a framework of a trade agreement that can allow us to make progress together.

[Pacheco] According to the different meetings that have been held, the final declarations that have been issued have always had similar texts. How can you guarantee that it will not be mere rhetoric?

[Duran] That is not true. The La Paz document does not resemble anything. The fact that there was a commitment made to eliminate tariffs by 31 December 1991 is not just rhetoric. It is something very concrete. There was some doubt concerning Ecuador, but it has already resolved its problem and now in Caracas we will iron that out. The open sky policy has no rhetoric. Communication is a fundamental element for any integration process among the various Andean countries. This need, which we feel and which we will now satisfy, will help us move closer toward the establishment of mechanisms for cooperation with other regional organizations that are being established in the rest of the hemisphere. This does not constitute rhetorical expressions but very specific goals.

[Pacheco] Thank you very much, Foreign Minister.

Health Ministry Reports 637 Victims of AIDS

PA1005231291 Madrid EFE in Spanish 2135 GMT 8 May 91

[Text] Caracas, 8 May (EFE)—According to statistics released today by the Ministry of Health and Social Welfare (SAS), AIDS has claimed the lives of 637 Venezuelans.

Spokespersons for SAS indicated that there are 1,217 cases of AIDS in Venezuela, of these 1,115 are men, or 91.62 percent. The SAS statistics show that there are over 4,000 people in Venezuela infected with the virus that causes the disease.

The SAS states that there are 22 children under 10 years of age suffering from the disease and 29 new cases have been reported this year alone.

Suriname

'New Front' Leaders Present Government Program

PY1405191691 Paramaribo Radio Suriname International in English 1730 GMT 14 May 91

[Text] Restoration of democracy, the constitution of state, the security, and civil authority are the basic conditions for the realization of other goals for the New Front for Democracy and Development, NF.

This came out of the press conference from the Front leaders Henck Arron, Willy Soemita, Jaggernath Lachmon, and Fred Darby, who presented the election program of the political combination yesterday to the press.

The program described the starting point of the NF regarding the political order; the social, economic, and financial sectors; the national production; the development (productive?); and the (?resettlement). The Front leaders [words indistinct] to take a new road in the country which will guarantee a stable, democratic, and continuous development and will lead to restoration of the society. New Front is going to create a broad social basis for the implementation of the government policy, according to the Front leaders who presented their election program yesterday at the press conference.

The New Front for Democracy and Development will restore the destroyed relations between the people and the National Army through the liberation, information, and education, so that the integration of the Army into society can be realized. Though there are articles of the Constitution about the (?task) of the Army leading to misunderstandings, [word indistinct] and the organic laws resulting from this will be made.

This was stated during the press conference of the New Front leaders during which the election program of the political combination was presented. The National Army will, according to the Constitution and the will of the people, be asked to carry out its task for the civil leadership. This is the position of the Front leaders. On December 24th last year, the government of the then (?legal) government was abruptly ended after a coup by the National Army. The Front leaders during the press conference also pointed out that the defense of the democratization process will be taken up through the establishment of mass organizations for the defense of democracy. On the 26th of May coming, general and free elections will again be held in the country to unable the electorate to choose new people's representatives.

Government Administration Labor Strike Resolved

PY1105003491 Paramaribo Radio Suriname International in English 1730 GMT 10 May 91

[Text] The actions at the Central Bureau for Mechanical Administration, CBMA, were suspended yesterday after the government agreed to the total package of demands by the union. The CBMA, which is in charge of the complete government administration, is for some time now confronted with low salaries, very old machines, and an office which is in need of urgent repairs. The personnel laid down tools almost a week ago to press for the solution of these problems.

After discussions between the government and the union of the CBMA, it was decided that the salaries of personnel would be increased while defective machines will be repaired and replaced. The renovation of the building will also be started. According to the union chairman, (Leslie Humpton), the workers are back on the job and will work [words indistinct] that the payment of salaries and benefits for civil servants takes place on time.